2018

North Media A/S · Annual Report

WE PROVIDE CUSTOMERS TO OUR CUSTOMERS

NORTH MEDIA A/S

CVR. no. 66 59 01 19

Content

The Annual Report 2018 has been prepared in Danish and English.

The Danish text shall be the governing text for all purposes, and in case of any discrepancy the Danish wording shall be applicable.

*) Marked items in Content are consolidated and parent financial statements

Preface by Chairman Mads Dahl Andersen

Profitability restored in 2018
The changes in market conditions enabled a return to satisfactory earnings for FK Distribution and hence for North Media A/S.

Since operations began in 1965, the core of North Media's business concepts has been "dissemination of offers and information to consumers", and this is still the core of the activities undergoing change. Customers increasingly demand that they can see a direct link between the money they spend on marketing and their own sales. This necessitates our media coming closer to the actual purchase transaction, and this is an exciting and ambitious challenge.

At the same time, FK Distribution and North Media Aviser do not "only" compete with PostNord and the other door-to-door distributed free newspapers any longer, but today increasingly with such media as Facebook and Google.

Now profitability has been restored, and we have learnt that even though digitalisation changes the business models, the core services do not change. This is why we must maintain and develop our core product where digitalisation permits this, while creating competitive advantages based on our core competencies.

North Media's objectives are profitability and growth, which are produced by focusing on our core business segments while also developing new supplementary market-conform products and business models. Like we did with the NoAds+ arrangement.

Strong execution by FK Distribution
After many years of too low prices, we introduced a new pricing model to ensure a fairer price level and a consistent pricing structure for our customers. Already in 2018, we realised much of the potential produced by the change in market conditions, which is very satisfactory.

The marked change has put pressure on the entire organisation and particularly the packing and distribution functions. We have invested many resources into upping capacity and into solving the huge packing and distribution task. We have come far and have almost completed the adjustments to the new market conditions.

Market adjustments at North Media Aviser
In 2017, we adjusted activities to an expected decline in the weekly newspaper market, yet this decline proved to be of unexpected proportion in Q1 2018.

This is why we have adjusted activities and the organisation in 2018. Forward the editions have been reduced to mid-week newspapers in the capital area and the Elsinore area as well as editions of Helsingør Dagblad.

North Media Online breaking even
Our Online business made headway in 2018 with a heavy improvement in earnings and break-even in H2 2018.

Lejebolig activities hold a strong market position in Denmark and generated growth in both revenue and earnings. The Job operations were restructured and reduced the loss.

Targeted efforts are being made to align the business models of the online operations and enhance scalability.

Focus of BEKEY
BEKEY too has been challenging for us yet we are still convinced that an interesting market exists for our solutions. A new large contract signed with the City of Copenhagen's Home Care Service in 2018 corroborates this.

We have made a change in management and appointed a new Chief Executive Officer. The strategic focus is on fewer markets and products and to work determinedly from this basis on producing profitability and providing a foundation for growth.

Execution of the strategy for the business segments in 2019
At FK Distribution, we expect the market for unaddressed distribution of newspapers and printed matter to continue to decline. We do not know at what pace, but FK Distribution is working determinedly to adapt to market developments in the short term as well as the long term and to sustain satisfactory earnings.

North Media Aviser is challenged, however, using primarily the capital area as a basis, it has an attractive market area to distribute profitable newspapers that are complemented by digital services.

North Media Online is active in several attractive markets with good potential for the right digital solutions. We are working determinedly to align the business models with each other in the areas where we are active. In doing so, we can gain important experience and synergies that may be used across business areas and models. North Media Online expects to realise a profit in 2019.

BEKEY is now "on track". The selection of product and market areas is narrower, and targeted efforts are made to create a profitable business.

Group profit for 2019 is expected to be on a par with that for 2018

To the Group, 2018 proved a turning point with a substantial increase in revenue and earnings. We cannot expect the same increase in 2019. Due to less printed matter, FK Distribution expects a profit that is a little lower whereas North Media Online is expected to produce a handsome rise in earnings and a profit for the first time. Overall, the Group expects EBIT before special items for 2019 to be on a par with that for 2018.

We have a strong desire to distribute dividend, and we therefore look forward to recommending to the Annual General Meeting that a dividend of DKK 3.0 per share be distributed. With the improved prospects for the next year, the need for further consolidation is not so paramount any longer, although the challenges we are facing still require solid capital resources.

I would like to conclude by thanking our many talented and dedicated employees for yet another great effort. Finally, I would like to thank our shareholders for their backing and patience and last, but not least, our many fine customers who support our business.

Chairman of the Board of Directors,
Mads Dahl Andersen

Performance in 2018

In 2018, total revenue of the North Media Group's companies went up by 27% on 2017. This growth is primarily a result of a massive inflow of customers and increases in prices for distributing unaddressed printed matter in continuation of the changes in conditions in this market.

The Group's performance improved significantly and more than originally expected at the onset of the year. The primary reasons are that the costs of enlarging the capacity of FK Distribution did not increase as much as expected and also that the operating losses of North Media Online and BEKEY were reduced.

Group financial highlights for 2018 (vs. 2017), DKKm

Revenue	EBITDA before special items*	EBIT before special items*
1,144.9	**137.2**	**109.7**
(899.4)	(28.4)	(-0.1)

Original outlook for 2018, DKKm	Outlook for 2018 at 7 December 2018, DKKm
Revenue	Revenue
1,090-1,155	**Around 1,140**
EBIT before special items	EBIT before special items
60-95	**107-110**

Better than expected

- Adjustments of FK Distribution's production facilities as a consequence of the rise in volume and the shift to two weekly nationwide distributions.
- BEKEY's headway in the municipal market and retention of existing municipal customers.

As expected

- Improvement of FK Distribution's earnings because of changed market conditions
- New products and functionality of minetilbud.dk have resulted in more users and the signing of customer contracts based on new pricing.
- Growing revenue of the Lejebolig unit in Denmark and development of digital products to service lessors. Also, launch of SoWohnt in Germany.
- Start-up of BEKEY distribution concept in Norway.

Not as expected

- Development in the revenue of North Media Aviser. Weaker market developments made it more difficult to launch new products and commercial activities.
- Development in the revenue of BEKEY's construction segment.

*Definition of "EBITDA before special items" and "EBIT before special items" is evident from the ratio definition in Note 3.

Development in the Group's business segments

2018 (2017), DKKm

FK Distribution

- Major increase in volume of local newspapers and printed matter resulting from inflow of new customers. Focus on building up increased capacity.
- Adjustment of capacity of the packing and distribution functions.
- New pricing model.
- Development of digital services on minetilbud.dk.

Revenue
933
(671)
EBIT before special items
139
(37)

North Media Aviser

- Organisational restructuring and cost savings.
- Staff reduced to a total of 73 at yearend 2018.
- Launching of the business newspaper Erhverv København.
- Heavy decline in business from real estate agents.
- Discontinuation of all weekend editions.

Revenue
107
(125)
EBIT before special items
-9
(-9)

North Media Online

- The Lejebolig unit has launched two new digital products and a housing portal in Germany (SoWohnt).
- Roll-out of Brandero and further reorganisation of the Job operations.
- Improved earnings and break-even in H2.

Revenue
81
(85)
EBIT before special items
-4
(-13)

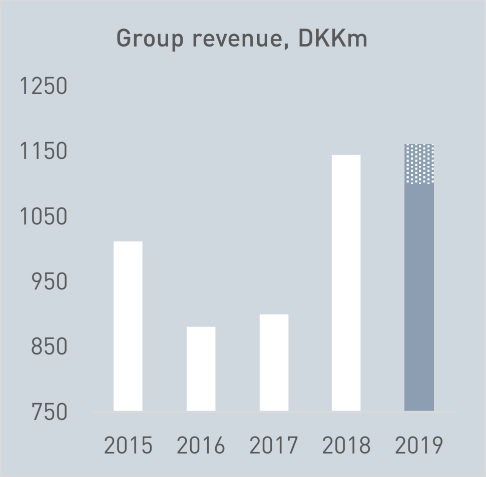
BEKEY

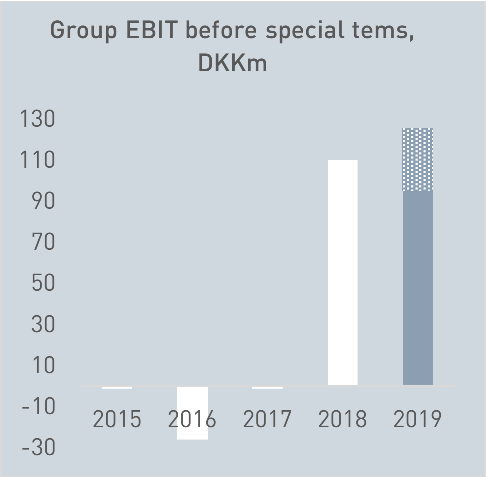
- New Chief Executive Officer in May.
- New and more focused strategy based on fewer countries and types of investments.
- Some new contracts with municipalities have been signed and those expired in 2018 have been renewed
- Cooperation with distributors in Norway in H2 2018 to establish a distribution concept.

Revenue
24
(19)
EBIT before special items
-10
(-17)

Group outlook for 2019

In 2019, revenue and earnings of the North Media Group are expected to develop flatly. FK Distribution will continue to generate most of the profit. Also, North Media Online is expected to experience positive earnings from operations.





Expected group financial highlights for 2019 (2018), DKKm

Revenue	EBIT before special items
1,100-1,160	**95-125**
(1,145)	(110)

FK Distribution

- Revenue realised by FK Distribution is expected to be largely the same in 2019 as in 2018 because price rises are expected to compensate for declines in volume.
- Resources are allocated to develop digitale products.
- Revenue expected to be between DKK 900 million and DKK 940 million and EBIT before special items to be between DKK 110 million and DKK 125 million.

North Media Aviser

- Revenue is expected to continue to decrease. More efficient operations and higher prices are expected to lead to an unchanged level of earnings.
- Revenue expected to be between DKK 90 million and DKK 100 million and EBIT before special items to be between a negative DKK 8 million and a negative DKK 3 million.

North Media Online

- EBIT growth for both Lejebolig and Job.
- Overall, an operating profit because of improved earnings of Lejebolig and Job.
- Revenue expected to be between DKK 85 million and DKK 90 million and EBIT before special items to be between DKK 0 and a positive DKK 5 million.

BEKEY

- BEKEY's revenue from continuing operations is expected to go up by 38%. Sales to the segments "Emergency call system" and "Construction" are closed down, which is why revenue growth is only expected to be approximately 11%.
- Unchanged earnings level due to discontinuation of non-scalable products and segments.
- Revenue expected to be between DKK 25 million and DKK 30 million and EBIT before special items to be between a negative DKK 10 million and a negative DKK 6 million.

Group financial highlights (DKKm)

Income statement	2018	2017	2016	2015	2014
Revenue	1,144.9	899.4	881.1	1,012.4	1,073.7
Gross profit	552.5	409.8	417.7	496.7	533.4
EBITDA before special items	137.2	28.4	10.9	55.6	103.4
Amortisation and depreciation	27.5	28.5	37.2	56.3	48.2
EBIT before special items	109.7	-0.1	-26.3	-0.7	55.2
Special items, net	-15.7	-0.4	-41.1	-19.4	-7.5
EBIT	94.0	-0.5	-67.4	-20.1	47.7
Return on securities	5.2	34.7	-6.2	12.9	17.3
Financials, net	-27.0	-3.2	-20.6	-7.8	-24.0
Profit/loss continued operations before tax (EBT)	73.1	28.6	-69.7	-15.2	39.6
Tax for the year	17.3	0.6	-6.0	-3.3	16.9
Net profit for the year	55.8	28.0	-63.7	-11.9	22.7
Comprehensive income	66.1	30.2	-62.7	-9.9	18.7
Balance sheet, year end					
Total assets	825.4	784.7	765.7	850.3	888.6
Shareholders' equity incl. minorities	538.7	497.7	460.4	522.0	532.4
Net interest-bearing cash position	196.1	128.3	106.9	113.8	67.6
Net working capital (NWC)	-39.3	-36.2	-37.1	-38.2	-43.2
Invested capital	342.6	369.4	353.5	408.2	464.8
Investments in property, plant and equipment	26.1	32.4	7.8	10.8	25.0
Free cash flow before special items	108.3	-4.0	3.2	40.2	83.3

Cash flow statement	2018	2017	2016	2015	2014
Cash flows from operating activities	104.7	23.0	-14.3	34.6	83.5
Cash flows from investing activities	-44.1	-38.2	-14.9	8.4	-88.5
Cash flows from financing activities	-30.2	-1.0	-6.7	5.9	-9.5
Total cash flows for the year	30.4	-16.2	-35.9	48.9	-14.5
Other information					
Average number of employees	575	560	548	604	633
Number of shares at year-end, in thousand in denominations of DKK 5	20,055	20,055	20,055	20,055	20,055
Treasury shares	1.100	1.205	1.485	1.485	1.485
Share price at year-end, DKK	33.5	35.2	13.2	14.1	18.2
Ratios					
Gross margin	48.3%	45.6%	47.4%	49.1%	49.7%
Profit margin (EBIT before special items)	9.6%	0.0%	-3.0%	-0.1%	5.1%
Equity ratio	65.3%	63.4%	60.1%	61.4%	59.9%
Return on equity (ROE)	10.8%	5.8%	-13.0%	-2.3%	4.3%
Return on capital employed (ROIC)	30.8%	0.0%	-6.9%	-0.2%	11.0%
Earnings per share (EPS)	3.0	1.5	-3.4	-0.5	1.1
Diluted earnings per share (EPS-D)	3.0	1.5	-3.4	-0.5	1.1
Price/Earnings (P/E)	11.2	23.5	-	-	16.5
Price/Book Value (P/BV)	1.2	1.4	0.6	0.5	0.7
Cash flow per share (CFPS)	5.5	1.2	-0.8	1.9	4.5
Dividend paid in the financial year	1.5	0.0	0.0	0.0	0.0

North Media – In brief

We provide customers to our customers

We provide customers to our customers
For over 50 years, North Media has been an efficient, intelligent and leading media group in Denmark. Business is primarily based on dissemination of offers and information between retailers and consumers. We provide customers to our customers.

All four of North Media's business segments are volume businesses. Volume businesses are characterised by being specialists in handling large volumes – consistently, quickly, safely and at a low per-unit price. Being successful as a volume business requires the preparation of detailed work and process descriptions, that are complied with disciplinedly.

Whether we deliver offers to consumers' e-mail boxes or surface mail boxes, communicate local news from the capital area, help employers and employees find each other or link up housing seekers with housing providers, the underlying basis is the same: We collect, analyse and enrich data and in this way provide customers to our customers.

Positive aggressiveness characterises our life
We realise our objectives and business potential by demonstrating ambition, courage, will and assertiveness. Or as we call it: By positive aggressiveness.

We are working determinedly on introducing new technology and optimising structures so as to be in the lead of the innovation field. It is essential to play a key role to our customers in markets that develop massively and rapidly.

This focus requires sustained investments and effort – and we work with equal shares of sense-of-urgency and patience. North Media has grown into a large, strong and robust company by being in the long haul and by admitting that the best way to learn is often the hard way.

What do you get when you buy a share in North Media?
The North Media share gives investors exposure to a heavily changing media market with huge new potential. Since 1965, we have demonstrated that we are robust, quite able to handle change, and ourselves able to create and seize opportunities when they present themselves.

We deliver offers to consumers' surface mail boxes and e-mail boxes. North Media reaches more consumers and in shorter time than any other media business in Denmark, be it TV, radio, newspaper or digital medium. This is why North Media is an obvious choice when shops and businesses need to communicate their messages to many consumers within short time.

We focus on long-term value creation and stable returns on the capital invested. We prioritise creating a basis for a direct return to our shareholders while maintaining strong capital resources that permit manoeuvrability.

Consumers set the course

The media market is undergoing massive changes driven by consumers' demand for personal on-demand solutions.

This unleashes new individual real-time needs that opens up opportunities for those who are able to develop and deliver new digital solutions – either as stand-alone solutions or as digital solutions in a symbiotic relationship with an analogue medium.

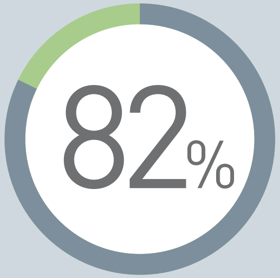
Access to consumers lends a strong position in the market

Through its media, North Media has continuous access to more consumers than any other medium in Denmark. This access, we have through hard-copy media as well as digital media. Our customers' customers – the consumers – want to receive offers both on traditional hard-copy media and digitally. So i

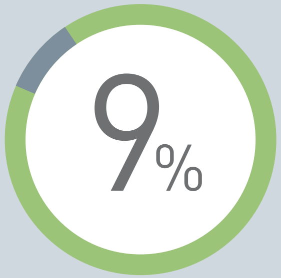
In recent years, North Media has invested in innovation and radical adjustment of our business models so that physical products include digital platforms as well. All based on the motto: He who has access to the consumer has a strong position in the market.

Our strategy also focuses on being a business-developing partner to our customers – not merely a supplier. This is why we work with a consumer perspective where the unique access we have to consumers is used to collect, analyse and enrich data. In doing so, we can provide even more and more attractive customers to our customers.

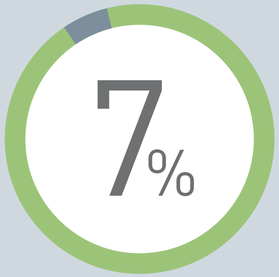
So data, digital products and new supply platforms are key driving forces in innovative processes across our activities. Together with continued focus on efficiency and optimisation of our business models, this is the strategic key to improving the competitive advantages of the business segments in future.



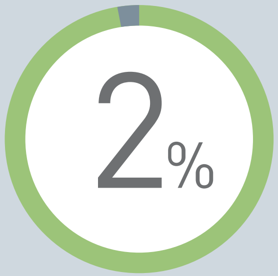
FK Distribution
disseminates offers and information to all Danish consumers. This is done digitally through minetilbud.dk and by distributing retail leaflets and local newspapers.



North Media Aviser
publishes local newspapers in the capital and North-East Zealand, magazines and multiple internet sites and Helsingør Dagblad.



North Media Online
runs digital platforms that market and arrange rented housing, jobs and loans.



BEKEY
sells electronic access systems based on digital keys, primarily for home care services and distributors of goods.

FK Distribution

Financial highlights

Revenue 2018 (2017)

DKK 933m (DKK 671m)

EBIT before special items 2018 (2017)

DKK 139m (DKK 37m)

Our business

FK Distribution is Denmark's largest distributor of retail leaflets and local newspapers.

- The physical distribution takes place every week to 1,325,000 Yes to Ads households and to 605,000 other households that have signed up for the NoAds+ arrangement under which households have themselves tailored the sets of retail leaflets they want to receive. Combined, as many as 1,930,000 households receive retail leaflets in their letterboxes every week, distributed by FK Distribution.
- For the consumers wanting access to our customers' offers in digital form, FK Distribution has developed minetilbud.dk.
- For example, minetilbud.dk may be accessed by using an app. This app has been downloaded over 1.5 million times and is used every day by thousands of consumers.

Our customers are primarily retailers and publishers of local newspapers.

Our markets

The market for dissemination of offers and information (printed and digitally) has changed, and today it is one market where customers invest in, and substitute one for the other, in exposing their offers to those generating the best return – no matter if the exposure is executed in printed or digital form. FK Distribution's competitors are both local and international disseminators of offers and information.

For FK Distribution, this means that we continue to invest in print-based and digital business models that support market needs.

Following some years marked by intensive price competition, PostNord stopped distributing unaddressed printed matter in 2018. During the year, FK Distribution's focus has been on normalising the price level.

Our objectives

FK Distribution's objective is to continue and to develop efficient dissemination of customers' offers to the Danish consumers, so as to maintain its business foundation, and also:

- To continue to make the distribution of retail leaflets and local newspapers to consumers even more efficient
- To increase investments in the development of digital business models disseminating customers' offers to consumers.

A year of execution and heavy inflow of customers
As expected, FK Distribution experienced a significant improvement of business in 2018 – both strategically and financially.

The massive rise in the volume of local newspapers and printed matter, which began in 2017, has continued unabatedly in 2018. The rise is very much a consequence of the fact that, effective from 1 January 2018, PostNord changed their production model to no longer distribute weekly newspapers and printed matter.

After years of intensive and detrimental price competition, the improved commercial conditions – which have led to a heavy inflow of customers – translated into growth and a stronger business foundation for FK Distribution.

Growth has called for significant adjustments
The massive increase in customers and volume that FK Distribution has realised in 2018 has required considerable adjustment of its production model.

Throughout the year, intensive efforts have been put into adjusting the production facilities and operations, including centrally ensuring strict logistics management and route planning. At the same time, the number of routes has been extended to enable distribution two times a week all over the country.

This has been a huge task that has been completed very satisfactorily by all staff and distributors. The many and comprehensive efficiency measures have been crucial in being able to manage this heavy increase in activities.

NoAds+ maintains its position as a key product for retailers and consumers
The NoAds+ arrangement, which was introduced in 2013, consolidated its position even further in 2018 and continues to be a key product for consumers who want to have a say in which offers to receive. At year-end 2018, the number of signed-up households exceeds 600,000 or around 22% of all Danish households, thus consolidating the product's position compared to last year.

Heavy rise in viewings on minetilbud.dk contributes to growth in digital solutions
On minetilbud.dk, consumers can find the very best offers online on mobile phone, tablet or computer.

In 2018, FK Distribution has developed its digital solutions and features on minetilbud.dk further.

Targeted communication and data-driven analyses have boosted the number of regular monthly unique users to stand at 400,000 at the end of 2018, which has had a positive effect on revenue.

Development of digital platforms accelerates
The distributed retail leaflet is still the most effective medium when retailers are to generate sales in their shops. The digital media are substitutes for the retail leaflets, and FK Distribution is allocating considerable resources to the development of new services.

Also in future will FK Distribution be a key player in the offer dissemination market and the development of new products. Services across print and online are expected to boost the business potential.

Massive growth and improved earnings in 2018
The heavy inflow of customers in 2018 has caused FK Distribution's revenue to grow significantly. It has gone up from DKK 671 million in 2017 to DKK 933 million in 2018, or by 39%. Revenue has been realised better than what was originally expected and at the top end of the range announced by FK Distribution in August 2018 in the Interim Report for 2018.

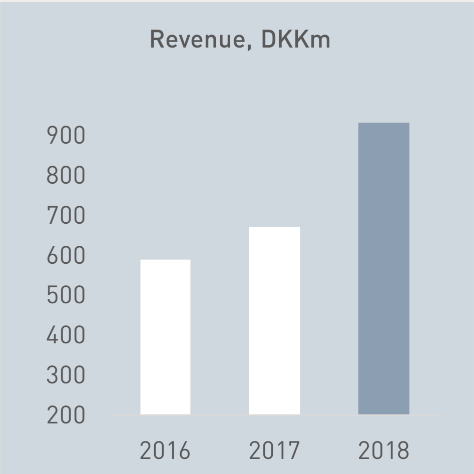
2018 EBIT before special items was realised at DKK 139 million against DKK 37 million in 2017 – a most satisfactory increase of DKK 102 million.

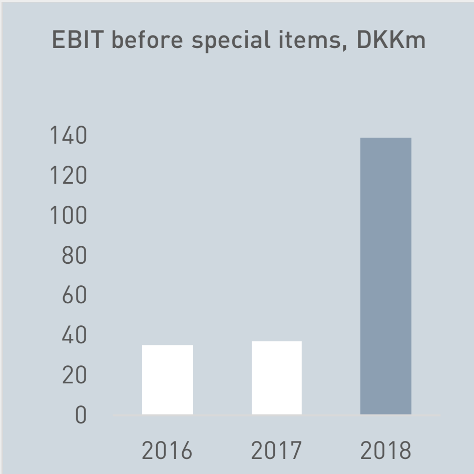
Focus on optimising core business and new platforms in 2019
As the market decline is expected to continue, FK Distribution's focus in 2019 will be on optimising the physical dissemination of offers across sales, logistics and distribution.

Moreover, efforts will centre around new, primarily digital, platforms that are to draw retailers and consumers even closer together; a field where FK Distribution intends to harness existing offer dissemination competencies.

Market decline will affect performance in 2019
2019 revenue and earnings will be affected by an expected market decline. We expect the volume of printed matter to go down because more and more households sign up for the No Ads Please arrangement.

FK Distribution intends to continue to invest in the development of the physical distribution. Also, we will invest in new digital business models to supplement our core business. Combined, these circumstances are expected to lead to a small decrease in EBIT for 2019 compared with 2018.





Highlights for FK Distribution

DKKm	2016	2017	2018
Revenue	590.6	670.5	933.4
EBITDA	49.5	48.4	153.6
EBIT before special items	35.0	36.7	138.7
Special items, net	0.0	0.0	-4.2
EBIT	35.0	36.7	134.5
EBITDA margin	8%	7%	16%
Profit margin	6%	5%	15%
Average number of employees	271	307	351

North Media Aviser

Financial highlights

Revenue 2018 (2017)

DKK 107m (DKK 125m)

EBIT before special items 2018 (2017)

DKK -9m (DKK -9m)

Our business

North Media Aviser is the publisher of eight local newspapers in the capital area, the business newspaper Erhverv København, various internet sites such as minby.dk, and the magazine KBH by KCC. In Elsinore, the company issues Helsingør Dagblad, Lokalavisen Nordsjælland, forbyen.dk/Helsingør and various other magazines and publications.

The activities are entirely ad-funded, except for Helsingør Dagblad. Customers are leading retailers, real estate agents, brands and other advertisers located in the capital and North-East Zealand, where North Media Aviser is market leader. Helsingør Dagblad is a traditional daily newspaper business based on subscriptions for printed and digital news as well as advertisement sales.

Our markets

The total use of advertising is expected to go up by 3% in 2019. Small and medium-sized retailers reckon on increasing their marketing investments by around 4%. This opens up good opportunities for our businesses in both the capital and North-East Zealand.

By being closer to our customers, we will be able to increase our market shares further.

So North Media Aviser is operating in a market that challenges as well as makes room for interesting opportunities to develop our products and services. Not least for new digital platforms which today account for more than half of total advertising used.

Our objective

North Media Aviser's overall objective is for the editions to be the local forum in the capital and North-East Zealand with increased focus on digital platforms. We want to ensure for our customers locally based dissemination of advertisements and local news.

The key priorities of the business are:

- The commercial sales activities must be targeted and make efficient use of digital sales tools
- The editorial processes must support core business (weeklies and dailies), digital media and new products
- Our production facilities must be efficient and cost optimised.

New commercial initiatives implemented
2018 was affected by the decline in revenue of North Media Aviser. The primary reason for this decline has been the market-driven slowdown in income from advertisements, particularly those from real estate agents. This is why the activities of commercial development of the editions were further intensified in 2018:

- Advertisement sales were strengthened by the implementation of WinWin advertisement sales projects in Copenhagen and North Zealand
- Erhverv København – a weekly business magazine in the Copenhagen area – was launched in February 2018
- The forbyen.dk site was launched in Elsinore, and minby.dk was relaunched in Q4 2018
- Launch of a magazine in cooperation with KCC (Copenhagen City Centre), which represents the majority of leading retailers in the city of Copenhagen.

The initiatives were well received in 2018, and expectations are that they will help strengthen North Media Aviser's ability to compete in Copenhagen and North East Zealand in 2019.

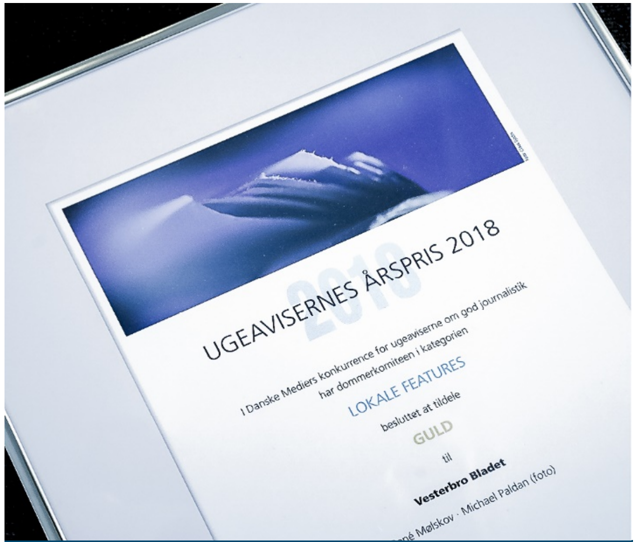
Closedown of weekend editions
As a consequence of the adverse development in advertising in print media, in H1 2018, North Media Aviser closed down the newspaper titles issued on weekends. Following this, the sales cooperation with Politikens Lokalaviser and Sjællandske Medier stopped.

Simplified organisational structure
To mitigate the effect of declining revenue, North Media Aviser has made several adjustments to its cost base. Firstly, this has led to a string of organisational restructurings, which included dismissal of a total of 26 people in editorial, commercial and administrative functions, primarily at Hovedstadens Mediehus. As part of this, the number of executive officers was reduced from three to two in October 2018.

Furthermore, the number of locations was reduced further to ensure cost synergies. As a result, all staff are now in two offices, at Gl. Kongevej in Frederiksberg and at Erhvervsparken in Elsinore.

The next step will be to combine the functions and operations of Mediecenter Nordsjælland and Hovedstadens Mediehus to achieve as many synergies as possible across the organisation.

The simplication of the organisational structure will continue in 2019.



Ugeavisernes Årspris 2018
Vesterbro Bladet, which is part of North Media Aviser, won the weekly newspapers' gold award, Ugeavisernes Årspris 2018, for the article on the homeless Leif. The article is a tale of human blight about being a person trapped in the gaps of the system and about getting lost on the way home.

200 years of news coverage
Lokalavisen Nordsjælland, which is part of North Media Aviser, was founded in 1798 and so has a track record as a local mouthpiece for more than 200 years.

Number of newspaper pages
In 2018, North Media Aviser produced 15,478 newspaper pages in total in our nine weekly newspapers.

New local business newspaper

New business newspaper with focus on small and medium-sized enterprises in the capital area

Erhverv København is closest to small and medium-sized enterprises
North Media Aviser has created a newspaper whose contents are written for professionals in small and medium-sized enterprises. Contents-wise, Erhverv København is to be a business medium closest to small and medium-sized enterprises. Furthermore, the editorial profile is rooted in a local and regional approach to business news and stories.

Entirely ad-funded
Commercially, the newspaper is an entirely ad-funded medium that is to cover small and medium-sized enterprises' need to promote themselves towards other businesses. The advertisers are the local businesses we know from the weeklies as well as national advertisers wanting to reach this very attractive target group. A large portion of the customer base stems from new advertisers, and many are already familiar faces in Erhverv København.

17

Erhverv København is issued 17 times a year

19,000

Erhverv København is distributed to 19,000 of the capital's small and medium-sized enterprises.

Unchanged performance despite lower revenue
North Media Aviser's 2018 revenue totalled DKK 107 million, which is consistent with the expectation last announced. Compared with 2017, revenue has gone down by DKK 18 million, or around 15%. The principal reason has been sagging sales of advertisements in weekly and weekend newspapers throughout 2018.

With a loss of DKK 9 million, EBIT before special items is in line with the latest expectations announced. EBIT before special items is on a par with that for 2017.

Special items related to termination benefit costs of North Media Aviser total DKK 11 million in 2018 against DKK 5 million in 2017.

Strengthening commercial activities in 2019
In 2019, North Media Aviser will focus on continuing the optimisation of its commercial sales activities and on implementing new advertisement sales activities. This is crucial in order to mitigate the market-derived pressure on our revenue.

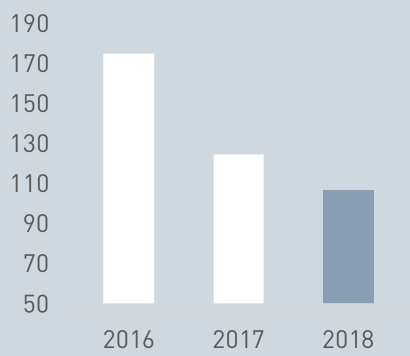
We also need to continue to improve the editorial processes across both of our locations and to optimise our digital efforts.

The earnings capacity is to be ensured by making our production facilities and administrative processes efficient and optimising their costs so as to manage challenges in a simple and optimal manner.

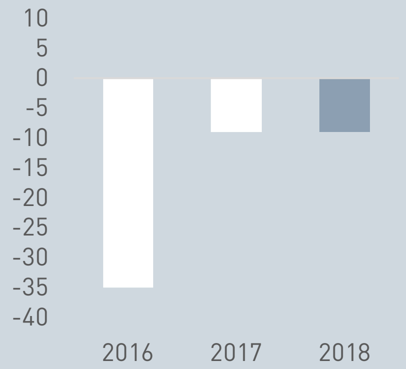
Pressure on revenue but sustain performance in 2019
Expectations are that local and regional weekly newspapers will continue to experience a general decline in 2019. Consequently, North Media Aviser foresees a fall in revenue although not as much as in 2018. Revenue from advertisement sales is expected to go down whereas newspaper sales in Elsinore are expected to remain unchanged.

Despite lower revenue, the cost-reducing initiatives implemented and the intense focus on sales and customer retention are expected to result in EBIT on a par with that for 2018.

Revenue, DKKm.



EBIT before special items, DKKm



Highlights for North Media Aviser

DKKm	2016	2017	2018
Revenue	174.6	124.8	106.7
EBITDA	-22.7	-2.2	-6.0
EBIT before special items	-35.2	-8.9	-8.7
Special items, net	-41.1	-8.7	-10.5
EBIT	-76.3	-17.6	-19.2
EBITDA margin	-13%	-2%	-6%
Profit margin	-20%	-7%	-8%
Average number of employees	129	106	94

North Media Online

Financial highlights

Revenue 2018 (2017)

DKK 81m (DKK 85m)

EBIT before special items 2018 (2017)

DKK -4m (DKK -13m)

Our business

North Media Online operates, develops and invests in digital platforms, services and products – in Denmark and internationally. Rental housing, jobs and loans are disseminated through the platforms – all building on business models with the same principles.

- We build databases of rented housing, job seekers and borrowers and match them automatedly with tenants, employers and lenders.
- Profitability is generated through a strong competitive position, scalability and synergies across business operations.

North Media Online harnesses competencies across functions through close cooperation on strategy, development and optimisation.

Our activities

North Media Online is organised in three main areas:

- Lejebolig, including BoligPortal in Denmark, BostadsPortal in Sweden and SoWohnt in Germany, and BoligPortal Business in Denmark
- Job, including Brandero.com, Ofir.dk and MatchWork.com
- Investments, including part ownership of Lead Supply A/S and Lix Technologies ApS.

Our objectives

North Media Online's activities are based on scalable, fully digital and internationally oriented platforms with huge potential.

For all business activities, the objective is to gain positions with a market-place effect and to create value for our customers as well as for the users of our various platforms.

We would also like to attract and retain people with strong, digital skills.

North Media Online harnesses strong competencies across functions through close cooperation on strategy, development and optimisation.

Growth and geographical expansion of Lejebolig
BoligPortal is Denmark's largest provider of rented housing to tenants, and BoligPortal Business delivers digital tools to lessors.

- We have a user-friendly online portal and app with a housing agent for tenants on the look-out for rented housing
- Our tools for lessors include housing advertising, communication module, digital lease and digital move-in and move-out reports
- We have housing portals in Denmark and Sweden, and in 2018, we have launched one in Germany under the brand SoWohnt.de.

Our customers are primarily consumers looking for rented housing, private and professional lessors and managers of rented housing.

New products for lessors and higher profitability
In 2018, Lejebolig has extended its product range by services directed at lessors. They are now offered services such as digital leases, digital move-in and move-out reports, new advertising products and market analyses via BoligPortal Business.

The focus on profitability and infrastructure was intensified in 2018 to better utilise our resources and hence improve profitability.

Objectives of Lejebolig
BoligPortal's objective is to optimise core business horizontally towards rented housing portals in the countries we operate in, and vertically towards lessors in Denmark. Profound knowledge about domains, effective digital marketing initiatives and quality are to ensure our success.

Brandero paves the way for growth and improved earnings
Job supplies candidates for vacancies with companies. We match positions with job seekers in our own database of candidates and run targeted advertising campaigns on job portals and social media.

Our primary customers are municipalities, regions, government agencies and small and medium-sized enterprises .

With respect to the job area, North Media Online in 2018 strengthened its position by launching Brandero, which is an employer-branding module for corporate web-sites. Brandero has focus on small and medium-sized enterprises who post and manage their job vacancies through this module.

With Brandero, customers have an effective tool to attract candidates. Since it was launched, more than 1,000 businesses have started using Brandero, which will in future be a key tool in the Job unit's growth ambitions.

Objectives of Job
The primary focus of the Job unit will be to continue to strengthen the Brandero module, to match vacancies with job seekers in our database of candidates, and to target job advertisement campaigns.

Lead Supply A/S helps lenders find attractive borrowers

Lead Supply is an online service comparing financial products, and active in nine countries: Denmark, Sweden, Norway, Spain, Poland, Finland, Hungary, Czech Republic and Croatia.

Lead Supply has developed a digital concept under which we efficiently convey borrowing facilities to consumers by giving them an overview of attractive borrowing facilities and so help them find the right loans. The market is immature and holds good scalability potential for Lead Supply.

Business process

1. The consumer goes online to search for a loan
2. The consumer visits one of Lead Supply's web pages and searchers for a loan there
3. The consumer is redirected to the bank for final approval of the loan
4. The bank disburses the loan to the consumer and sends a fee note to Lead Supply.

North Media owns 50% of the shares in Lead Supply. The company was founded in 2014 and has experienced growth ever since. North Media Online and Lead Supply are housed in the same building in Aarhus and they work closely together in the areas of digital marketing and business development.

Digital Academy strengthens digital skills

In 2018, North Media Online and Lead Supply launched Digital Academy, which helps students to better digital skills and accommodates companies' increasing need for these skills.

The objective of Digital Academy is twofold:

- To strengthen the recruitment basis for our businesses.
- To take social responsibility for the digital Denmark.

Trainee programme

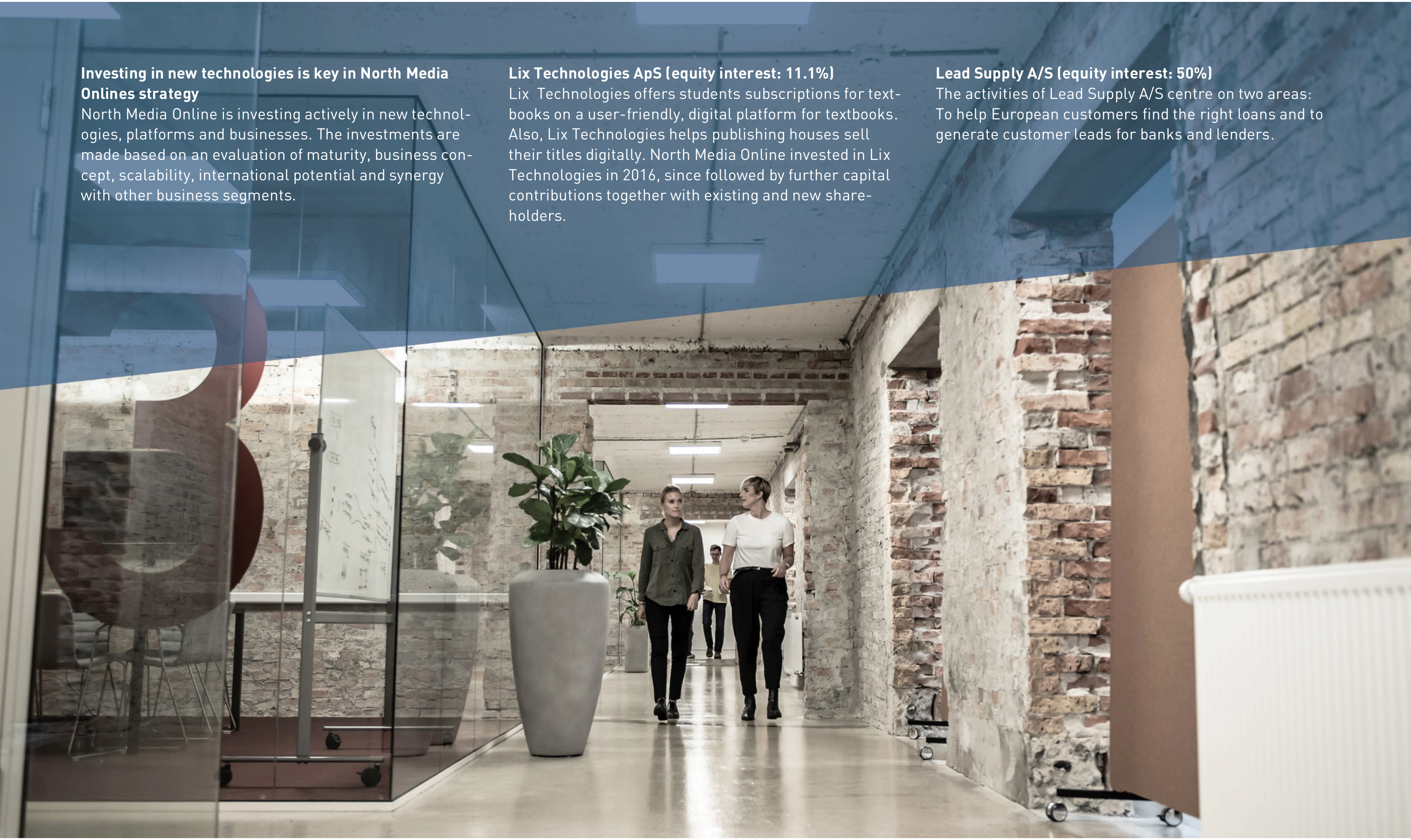
North Media Online and Lead Supply run two annual trainee programmes in Aarhus with up to 15 trainees per half year. During such programme, students are given an attractive opportunity to learn from our digital experts in the disciplines of digital marketing, product development and software development. Here, students gain experience in working in a digital business, thus making them better equipped to perform jobs with businesses through stronger practical skills.

Perspectives

Digital Academy is intended to be a seal of approval for North Media Online and to help us recruit the best talents among the students. After the first trainee programme in autumn 2018, we hired four of the trainees for our businesses.

We want to expand cooperation to involve more educational institutions next year so that even more people will have a chance to enrol with Digital Academy.

Read more on www.digitalacademy.dk.



Investing in new technologies is key in North Media Onlines strategy
North Media Online is investing actively in new technologies, platforms and businesses. The investments are made based on an evaluation of maturity, business concept, scalability, international potential and synergy with other business segments.

Lix Technologies ApS (equity interest: 11.1%)
Lix Technologies offers students subscriptions for textbooks on a user-friendly, digital platform for textbooks. Also, Lix Technologies helps publishing houses sell their titles digitally. North Media Online invested in Lix Technologies in 2016, since followed by further capital contributions together with existing and new shareholders.

Lead Supply A/S (equity interest: 50%)
The activities of Lead Supply A/S centre on two areas: To help European customers find the right loans and to generate customer leads for banks and lenders.

EBIT is up by DKK 9 million
While revenue of Lejebolig has grown steadily in 2018, the activities of Job have gone down a little. However, the divestment of håndværker.dk in October 2017 has resulted in North Media Online realising total revenue of DKK 81 million in 2018 compared with DKK 85 million the year before – down 5%. This development is in line with the upwardly adjusted range announced in August 2018 in the Interim Report for 2018.

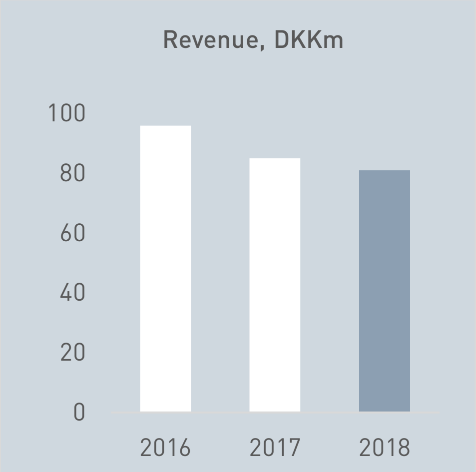
2018 EBIT before special items has improved by DKK 9 million from a loss of DKK 13 million in 2017 to one of DKK 4 million in 2018. The primary reasons for this are the disposal of håndværker.dk, which generated a major operating loss in 2017, and to a lesser extent the improvement of profitability of Lejebolig and Job.

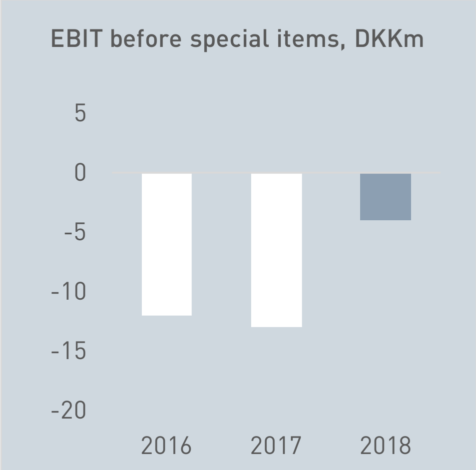
Lejebolig maintains focus on lessors and synergy between rented housing portals. Job ups focus on Brandero and candidates
In 2019, BoligPortal will continue to develop the synergy between the rented housing portals in Denmark, Sweden and Germany. BoligPortal Business' services to lessors are to be expanded, and the user experience by both lessors and housing seekers is to be improved further.

At Job, focus will be to have Brandero become more widely used, especially among small and medium-sized enterprises. This is vital to develop a closer working relationship with our customers and at the same time to gain access to the candidates looking for jobs.

Expected revenue growth and a profit in 2019
Both Lejebolig and Job are expected to see revenue grow in 2019. For Lejebolig, growth will be driven by increasing revenue in all product areas, mainly in Denmark but also in the other markets. For Job, growth will arise from Brandero customers.

EBIT before special items will be positively affected by the increase in revenue and improved profitability in both main areas.





Highlights for North Media Online

DKKm	2016	2017	2018
Revenue	96.0	85.0	81.1
EBITDA	-10.4	-12.0	-2.7
EBIT before special items	-11.5	-13.3	-4.1
Special items, net	0.0	8.3	0.0
EBIT	-11.5	-5.0	-4.1
EBITDA margin	-11%	-14%	-3%
Profit margin	-12%	-16%	-5%
Average number of employees	91	106	90

BEKEY

Financial highlights

Revenue 2018 (2017)

DKK 24m (DKK 19m)

EBIT before special items 2018 (2017)

DKK -10m (DKK -17m)

Our business

BEKEY provides mobile-based key solutions involving that users avoid the trouble and uncertainty in administering many physical keys. It is also user-friendly as it is easy for an administrator to ensure that the right users have access to the right addresses, and when they want it. Security is higher because keys cannot be copied or be mislaid.

Our software and physical access units consist of:

- NETKEY: A cloud-based key administration system
- SmartLock: A door unit that is installed on manual door handles
- SmartRelay: A circuit board that is integrated into entry phone panels in stairways
- SmartKeyBox: A key box to hold the physical key

All units are opened by means of Bluetooth® Smart and an app on the mobile phone.

Our markets

BEKEY is used by businesses, distribution companies and home care services requiring access to, for example, stairways and private homes.

BEKEY is demanded by municipalities in Denmark and Norway and by distribution companies in Denmark. In Denmark, BEKEY is directly involved in the sales efforts, whereas foreign markets are accessed through distributors.

- In 2018, around 40,000 doors were opened more than 6.5 million times with a BEKEY unit.
- BEKEY has over 42,000 users who can open doors with their mobile phones.

Our objectives

It is BEKEY's objective to deliver the market's best and most competitive software-based access solution with focus on standardisation, high quality and credibility.

Objectives in 2019:

- Retaining current customers through high-quality services and sophistication of the products and NETKEY.
- Successful selling to new customers and implementing our solution with home care services in Danish municipalities and to distribution companies
- Establishing a distribution concept in Norway of even greater volume.

Re-focusing of strategy
In May, Jannik Bray Christensen was appointed new Chief Executive Officer of BEKEY. At the same time, the rollout of a dedicated strategy began, in order to create profitable growth by solely focusing on municipal home care services and distribution companies.

Furthermore, the markets have been defined to be Denmark and Norway, and initiatives have been launched to strengthen infrastructure and customer service.

Updated business model contributes to major pick-up in 2018
Because of the shift in focus, 2018 saw a major pickup in BEKEY's activities – both in terms of revenue and earnings.

BEKEY has won several large municipal tenders, among them some of Denmark's largest municipalities, on access solutions for home care services. For example, BEKEY won a large and important multi-year contract in Q2 2018 with the City of Copenhagen to provide services to its Home Care Service. This contract is the largest ever signed by BEKEY.

In Norway, BEKEY has secured a number of new municipal customers and has in H2 2018 increased its focus on cooperation with distributors. The aim is to establish an actual distribution concept in Norway that may afterwards be rolled out on other markets.

44

At the end of 2018, BEKEY is cooperating with 44 municipalities

7

BEKEY has won contracts with another seven municipalities in 2018

10

Contracts with ten municipalities were renewed in 2018

BEKEY's success in Copenhagen

Keys replaced with a mobile app
In future, smartphones will replace physical keys when home care staff of the City of Copenhagen make visits. So the physical keys the management of which has required many resources for many years, are now a thing of the past.

From now on, home care staff of the City of Copenhagen need only bring along their mobile phone to enter a citizen's home. With BEKEY's app, SmartLock and SmartRelay, it is possible to open and lock citizens' doors while the citizens may still use their traditional, physical keys.

The new digital solution from BEKEY is important to social and health care workers who are already pleased with the new solution. Previously, these workers had to bring along a large bundle of keys on their routes to the around 10 citizens they visit twice a day to deliver lunch or dinner. These keys have now been replaced by the BEKEY app, which makes their work day a little easier according to several of the social and home care workers:

"It makes the difference that we do not have to run around with a pocket full of keys anymore and be afraid to lose them. And it is just a faster way to enter a citizen's home", a social and home care worker says and continues: "It makes it easier for me to help a colleague. If I call a colleague to offer my help because I have a little extra time, then I do not need to rush to her to pick up the key, I can go directly to the citizen".

Performance in 2018 much better than expected
BEKEY has in 2018 realised revenue of DKK 24 million, which is a little higher than the latest expectations announced, which was revenue ranging between DKK 20 million and DKK 23 million. The 25% improvement on 2017 has primarily been driven by the fact the BEKEY has won new contracts with seven Danish and Norwegian municipalities.

A negative EBIT before special items of DKK 10 million has been realised for 2018. In connection with the publication of the Interim Report in August 2018, an expected negative EBIT ranging between DKK 11 million and DKK 13 million was announced. Improved revenue and current adjustment of costs, for example, by focusing the strategy on fewer geographies and fewer types of customers, have reduced the loss compared with that originally expected.

Maintaining strategic focus and execution in 2019
In 2019, BEKEY will intensify its focus on sales in Denmark and through distributors in Norway.

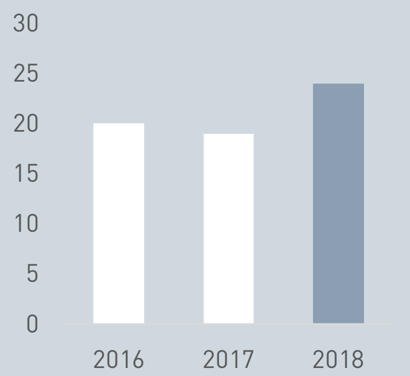
Sophistication and quality assurance of NETKEY, SmartLock, SmartRelay and SmartKeyBox will be given a high priority in 2019.

Finally, BEKEY intends to focus intensely on ensuring high service and to strive to find the most optimal solution for our existing customers.

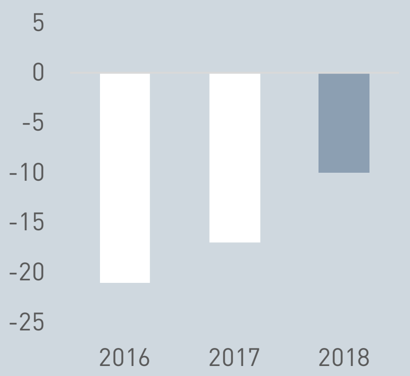
Growth and gradual improvement of performance in 2019
The result of the focused strategy is that the sale of emergency call systems and sales to the construction industry are discontinued as earnings are not high enough. Consequently, BEKEY's total revenue in 2019 is only expected to increase slightly. But revenue from continuing activities, and the municipal market in particular, is expected to grow by over 35%.

EBIT is expected to improve slightly on 2018 as the increase in revenue will have a positive effect, and sales resources will be added to boost growth.

Revenue, DKKm



EBIT before special items, DKKm



Highlights for BEKEY

DKKm	2016	2017	2018
Revenue	19.9	19.1	23.7
EBITDA	-20.9	-16.3	-10.1
EBIT before special items	-21.1	-16.6	-10.2
Special items, net	0.0	0.0	-1.0
EBIT	-21.1	-16.6	-11.2
EBITDA margin	-95%	-75%	-38%
Profit margin	-96%	-77%	-38%
Average number of employees	25	25	24

Group financial review

2018 performed DKK 28 million better than 2017. This improvement is attributable to a heavy increase in operating profit but offset by lower returns on the portfolio of securities and increased financial expenses related to the settlement of the interest rate swap and new mortgage loans raised. The Group's Cash resources stood at DKK 327 million at year-end 2018, up DKK 46 million on 2017, despite payment of dividend, settlement of the interest rate swap and payment of acquisition price payable in the total amount of DKK 48 million.

Revenue
Group revenue for the year went up from DKK 899.4 million in 2017 to DKK 1,144.9 million in 2018. This is an increase of DKK 245.5 million, or 27%, and is primarily the result of FK Distribution having signed new customer contracts whereas revenue of North Media Aviser developed adversely due to a challenging market and the closedown of all weekend editions. North Media Online and BEKEY have experienced a relatively flat revenue development.

Contribution margin
In 2018, the contribution margin for the Group totalled DKK 552.5 million, which is DKK 142.7 million up on 2017. This is equivalent to a contribution ratio of 48.3% in 2018 while in 2017 it was 45.6%. The increase in contribution ratio is primarily attributable to a higher contribution ratio for FK Distribution.

Please also refer to Notes 6 and 21.

Staff costs
Staff costs for 2018 came to DKK 269.6 million, an increase of DKK 8.0 million compared with 2017. The rea son for the increase is that the number of salaried staff of FK Distribution has gone up whereas the number

with North Media Aviser and North Media Online has gone down because of restructuring and divestment.

In 2018, the average headcount was 575 (salaried and hourly employees at the terminals), which is 15 more than in 2017.

The actual number of employees at year-end 2018 was 553, i.e. 22 less than on average for the year. This is a result of resignations at North Media Aviser and a little smaller staff with North Media Online and the fact that Mesto's 10 employees have not been consolidated at 31 December but are included in the average number of employees. In 2017, Mesto had 15 employees included in both the average number and the year-end number.

Please also refer to Notes 6 and 7.

Other expenses
Other expenses primarily include marketing costs, costs of premises, IT costs, fees and administrative expenses. Other expenses totalled DKK 151.2 million in 2018 compared with DKK 124.2 million in 2017. The rise has primarily been caused by higher expenses related to FK Distribution in connection with the increase in distribution volume and sophistication of digital solutions and features on minetilbud.dk among others. Cost of marketing, rent and fees have naturally gone up as well.

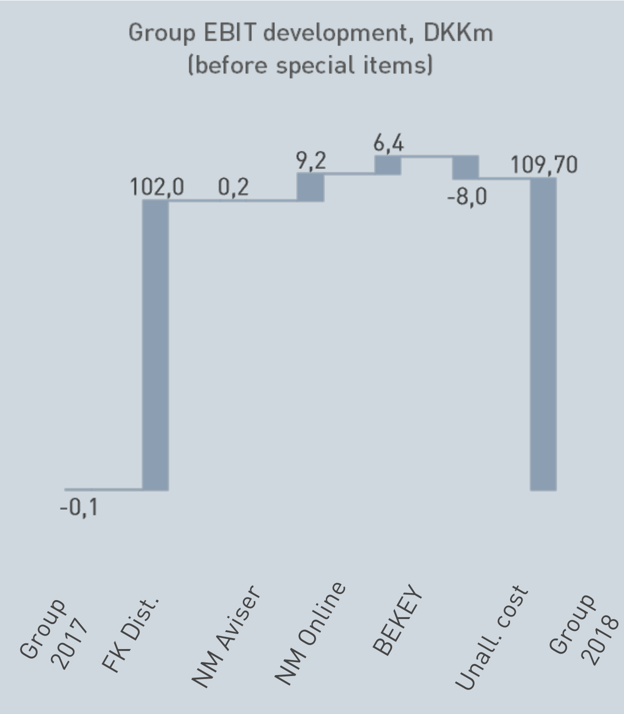
Please also refer to Note 8.

Amortisation and depreciation
Amortisation and depreciation for the year came to DKK 27.5 million for 2018, which is DKK 1.0 million down on 2017. The decline mainly results from reduced amortisation of intangible assets of North Media Aviser whereas depreciation of FK Distribution's plant has increased.

Please also refer to Notes 9 and 17.

EBIT before special items
Group EBIT before special items went up from a negative DKK 0.1 million in 2017 to a positive DKK 109.7 million in 2018. FK Distribution is the primary reason for the increase but North Media Online and BEKEY too have realised improved earnings. The line item "Non-allocated costs" primarily relates to expenses of group-related functions, that are not passed on to the operating companies and to net income from the lease-out of

the Group's buildings, has deteriorated by DKK 8.0 million compared with 2017. The primary reason is the Group's property in Elsinore, for which some of the renovation costs have been taken to profit or loss, North Media Aviser and håndværker.dks relocation of the property in Søborg and increased board fee.



Special items
Special items represent total net expenses of DKK 15.7 million in 2018 against DKK 0.4 million in 2017.

Special items comprise termination benefit costs of North Media Aviser concerning the dismissal of 26 employees in connection with a major restructuring and the abolishment of many positions, for example, because newspaper titles issued for weekends have been closed down.

Furthermore, termination benefit costs have been incurred as part of changes in Management of BEKEY and FK Distribution.

In 2017, costs from the dismissal of a large group of staff at North Media Aviser in March and from the acquisition price adjustment of the remaining 15% of the shares in Lokalaviserne Østerbro og Amager A/S totalled DKK 8.7 million.

Furthermore, goodwill of the Ukrainian housing site Mesto.ua was written down by DKK 3.6 million in 2017. 2017 also saw special items in the form of income, a net income of DKK 5.1 million from the compensation from Emply ApS and a net profit of DKK 6.8 million from the sell-off of håndværker.dk.

Please also refer to Note 13.

EBIT
In 2018, group EBIT reached DKK 94.0 million whereas in 2017 it was negative by DKK 0.5 million.

Share of profit/loss from associates
The Group's share of net profits/losses from associates was a positive DKK 0.9 million in 2018 and a negative DKK 2.4 million in 2017.

This performance is attributable to the Group's 50% equity interest in Lead Supply ApS.

From 1 July 2017 to 30 September 2018, the Group's equity interest in Mesto.ua exceeded 50%, for which reason it was consolidated as a subsidiary. At the end of September 2018, the equity interest was reduced to 49.3% and so Mesto was exempted from consolidation.

Please also refer to Note 10.

Return on securities
In 2018, the Group had a positive net return on securities of DKK 5.2 million, or 2.6%, whereas for 2017 it was DKK 34.7 million, or 15.7%.

Quarterly returns are evident from the following table:

In January 2019, income from securities was positive by DKK 27.0 million, or 10.5%.

Please also refer to Note 11.

Financial income
In 2018, the Group had financial income of DKK 0.1 million, whereas it was DKK 4.6 million in 2017. This income is primarily related to the fair value adjustment of the equity interest in Lix Technologies, which was revalued when investors contributed DKK 35 million in total in July 2017. North Media decided to defend its equity interest by co-investing DKK 3.9 million. North Media's equity interest is 11.1%.

Please also refer to Note 12.

Financial expenses
Financial expenses amount to DKK 27.1 million against DKK 7.8 million in 2017. Financial expenses are composed of interest on mortgage loans, foreign exchange losses, debt discount related to the mortgage loan conversion, and recognition of the interest rate swap's fair value related to the settlement of the interest rate swap. The negative value of the interest rate swap was previously recognised in other comprehensive income but recycled to profit or loss in connection with the settlement of the loss. An equivalent income is therefore disclosed in other comprehensive income.

The settlement of the interest rate swap and a concurrent conversion of the mortgage loans will cause the interest on the Group's mortgage loans to be reduced to approximately DKK 3.1 million in 2019. Finally, the item is affected by the fair value adjustment of investments in Lix Technologies by DKK 5.0 million.

In 2017, financial expenses also consisted of the discount effect of the acquisition price payable.

Please also refer to Note 12.

Profit before tax
The consolidated pre-tax profit for the year amounts to DKK 73.1 million for 2018 against one of DKK 28.6 million for 2017. The increase in profit has mainly been brought about by a higher operating profit (before special items) of close on DKK 110 million, which is reduced of higher special expenses, lower returns on securities and higher financial expenses.

Income tax
Tax on profit for the year stands at DKK 17.3 million, equalling an effective tax rate of 23.7%. The tax is adversely affected by the fair value adjustment of the investment in Lix whereas the tax deduction for exercised share options reduces the tax.

Se Please also refer to Note 14.

Profit for the year
Profit for the year of the Group was DKK 55.8 million for 2018. This is a DKK 27.8 million improvement on 2017 when profit for the year stood at DKK 28.0 million. The profit has been increased by DKK 95 million from ordinary operations whereas lower returns on shares and higher interest expenses, primarily arising from the settlement of loans and interest rate swap, reduces the profit by about DKK 50 million.

Intangible assets
At year-end 2018, goodwill amounts to DKK 39.1 million and relates to FK Distribution and BoligPortal. The other intangible assets, amounting to DKK 12.4 million, primarily arise from BoligPortal.

Please also refer to Note 17.

Property, plant and equipment
Property, plant and equipment are mainly composed of land and buildings. The Group owns office facilities and production terminals in Taastrup near Copenhagen and in Tilst near Aarhus as well as a small property in Esbjerg. These facilities are used by FK Distribution. The Group also owns an office building in Søborg near Copenhagen. BEKEY and sections of North Media Online operations and of group functions occupy this building. The Group also owns the former printing house in Elsinore. This property was renovated in 2018 and from 1 November 2018 rented to the home care service of the Municipality of Elsinore. The Group's properties have a total carrying amount of DKK 263.9 million and are mortgaged for a total of DKK 131.1 million in the form of long-term mortgage loans.

In 2017, the total carrying amount of the Group's properties was DKK 258.9 million.

Please also refer to Note 17.

Investments in associates
Investments in associates are composed of investments in Lead Supply A/S at year-end 2018. Intangible assets and equity interest in the company account for DKK 12.5 million.
At year-end 2017, investments in Lead Supply A/S were recognised at DKK 10.2 million.

From 1 October 2018, the Group's 49.3% equity interest in Mesto.ua has become an associate. Its value has been recognised at DKK 0.

Please also refer to Note 19.

Other investments
At year-end 2018, other investments total DKK 5.7 million, primarily related to the 11.1% equity interest in Lix Technologies ApS. A number of investors contributed DKK 35.0 million to the company in

July 2017. North Media decided to defend its equity interest by co-investing DKK 3.9 million. At year-end 2018, the value has been recognised at DKK 4.4 million, against DKK 9.4 million in 2017.

Please also refer to Notes 4 and 12.

Investments
For 2018, the Group's investments in property, plant and equipment totalled DKK 24.5 million against DKK 32.4 million for 2017. DKK 13.3 million has been invested in properties, primarily the one in Elsinore, and DKK 10.2 million in plants for FK Distribution. Further an additional DKK 1.6m has been invested in software.

In 2017, DKK 27.0 million was invested in plants to accommodate the increasing volume in printed matter in 2018.

Working capital
At 31 December 2018, the Group's trade receivables amounted to DKK 83.0 million. This is equivalent to a debtor days ratio of 21.6 days. Compared with 2017, the Group's receivables have increased by DKK 2.1 million, and the debtor days ratio has decreased by 5.2 days from 26.8 days.

The small increase in receivables despite a 27% rise in revenue is attributable to FK Distribution having reduced the debtor days ratio compared with last year while having a shorter time for payment than the other business segments of the Group.

At year-end 2018, short-term trade payables stood at DKK 44.0 million compared with DKK 43.6 million at year-end 2017. In days payable outstanding, this is equivalent to 27.2 days in 2018 compared with 32.1 days in 2017.

At 31 December 2018, other payables amounted to DKK 89.8 million which is DKK 7.6 million up on 2017. Other payables primarily relate to holiday pay payable, VAT payable and costs payable.

The Group's net working capital (NWC) was negative by DKK 39.3 million at the end of 2018, which is DKK 3.1 million better than at the same time last year, when the Group's NWC was a negative DKK 36.2 million.

Cash flows from operating, investing and financing activities
Cash flows from operating activities for 2018 were positive by DKK 104.7 million and so DKK 81.7 million better than in 2017. The primary reason for the increase is the improvement of the operating profit.

Cash flows from investing activities were negative by DKK 44.1 million in 2018 compared with a negative DKK 38.2 million in 2017. Cash flows from investing activities are heavily affected by the purchase and sale of securities. Also in 2018, investments in FK Distribution have been high. In early 2018, the balance amount of DKK 7.8 million was paid for the remaining 15% of the shares in Lokalaviserne Østerbro og Amager A/S.

Cash flows from financing activities in 2018 were negative by DKK 30.2 million and are attributable to DKK 28.4 million in dividend paid, payments on mortgage loans and income from the sale of treasury shares as part of a share option programme. In 2017, cash flows from financing activities were negative by DKK 1.0 million.

Total cash flows for 2018 were positive by DKK 30.4 million compared with a negative DKK 16.2 million in 2017.

Capital resources
The Group's capital resources remain strong. At 31 December 2018, the Group's net interest-bearing cash position was DKK 196.1 million. This is DKK 67.8 million up on the amount at 31 December 2017 when it was DKK 128.3 million.

The net interest-bearing cash position comprises cash of DKK 70.7 million, ultra-liquid shares and investment funds in the amount of DKK 256.5 million and mortgage debt totalling DKK 131.1 million.

So at 31 December 2018, the Group's cash resources stood at DKK 327.2 million while at 31 December 2017 they were DKK 281.1 million.

The Group has invested a large portion of its cash resources in 17 different shares and share-based investment funds at year-end 2018. The portfolio consists of listed shares and investment funds with high transferability such as OMXC25 shares or shares in similar international indexes. At 31 December 2018, the portfolio consisted of the following shares with accompanying market values, see figure page at 31.
At 31 December 2018, the Group's portfolio of shares totalled DKK 256.5 million, whereas it came to DKK 240.8 million at the same date in 2017.

Risk has been calculated at 13.4% at 31 December 2018. Risk has been calculated as the annualised standard deviation measured over the past 90 days of trading. "Value at risk", which reflects the maximum loss over a three-month period with a probability of 95%, was DKK 27.3 million.

At 31 January 2019, the value of the portfolio of shares is DKK 283.5 million, and the return for January is DKK 27.0 million, or 10.5%.

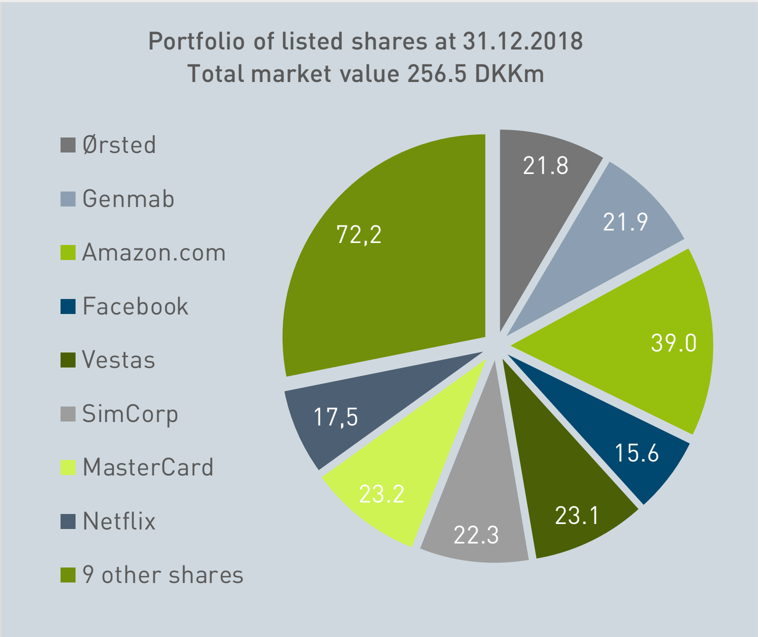
The Board of Directors recommends that DKK 3.00 in dividend per share be paid for the financial year 2018
Strong financial resources are considered an important strategic strength in the present market to achieve the goal of a group relying on several profitable pillars and generating high earnings. Another goal of the Board of Directors is to distribute dividend annually.

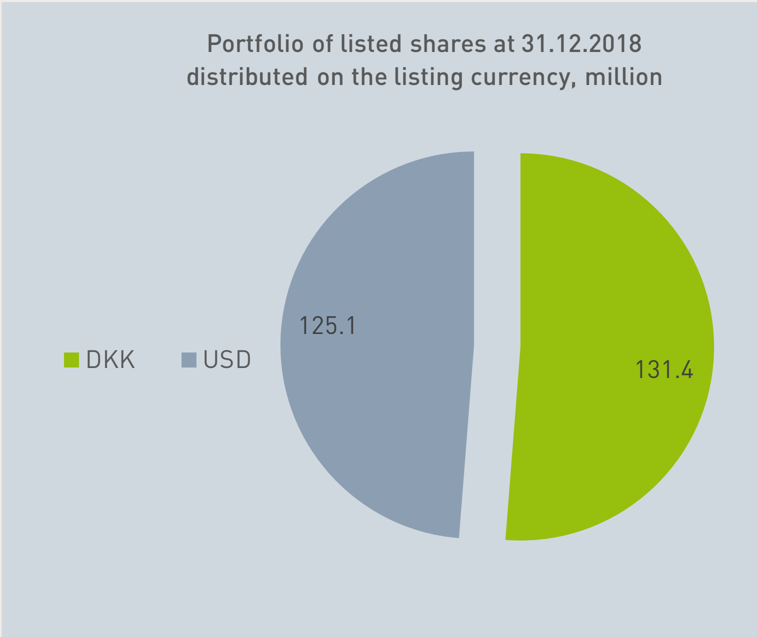
Based on the Group's strong capital resources and an expected profit for 2019, the Board of Directors recommends to the Annual General Meeting to be held on 29 March 2019 that a dividend of DKK 3.00 per share be paid for the financial year 2018.

Equity and holding of treasury shares
At 31 December 2018, the Group's equity was DKK 538.7 million, which is DKK 41.0 million up on equity at year-end 2017. The increase in equity has been caused by the profit for the year, which is offset in part, however, by the net dividend of DKK 28.4 million.

105,000 treasury shares were sold during the year as part of the exercise of the last part of the Group's share option programme from 2012, which has now expired (2017: 280,000 treasury shares sold).

At 31 December 2018, the Group's portfolio of treasury shares was 1,100,000, corresponding to 5.5% of the share capital and votes of North Media A/S. The average buying price was DKK 27.7 per share.





QUARTERLY HIGHLIGHTS

	Revenue									
	Year		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
DKKm	2018	2017	2018	2018	2018	2018	2017	2017	2017	2017
FK Distribution	933.4	670.5	253.8	214.7	237.9	227.0	207.0	153.5	164.1	145.9
Index cp. same period last year	*139.2*	*113.5*	*122.6*	*139.9*	*145.0*	*155.6*	*118.7*	*108.3*	*119.6*	*106.3*
North Media Aviser	106.7	124.8	29.0	23.2	27.9	26.6	34.2	26.8	31.5	32.3
Index cp. same period last year	*85.5*	*71.5*	*84.8*	*86.6*	*88.6*	*82.4*	*84.9*	*73.0*	*65.5*	*65.3*
North Media Online	81.1	85.0	19.8	21.5	20.7	19.1	17.9	23.6	22.3	21.2
Index cp. same period last year	*95.4*	*88.5*	*110.6*	*91.1*	*92.8*	*90.1*	*79.9*	*92.9*	*92.9*	*87.6*
BEKEY	23.7	19.1	5.2	8.2	4.9	5.4	4.4	4.7	4.2	5.8
Index cp. same period last year	*124.1*	*96.0*	*118.2*	*174.5*	*116.7*	*93.1*	*86.3*	*111.9*	*79.2*	*109.4*
Group revenue	1.144.9	899.4	307.8	267.6	291.4	278.1	263.5	208.6	222.1	205.2
Index cp. same period last year	*127.3*	*102.1*	*116.8*	*128.3*	*131.2*	*135.5*	*108.8*	*100.3*	*103.5*	*94.9*
	EBIT									
FK Distribution	138.7	36.7	50.3	20.8	29.1	38.5	24.3	-1.5	8.9	5.0
Profit margin	*14.9%*	*5.5%*	*19.8%*	*9.7%*	*12.2%*	*17.0%*	*11.7%*	*-1.0%*	*5.4%*	*3.4%*
North Media Aviser	-8.7	-8.9	-0.3	-1.5	-3.1	-3.8	0.8	-4.3	-3.2	-2.2
Profit margin	*-8.2%*	*-7.1%*	*-1.0%*	*-6.5%*	*-11.1%*	*-14.3%*	*2.3%*	*-16.0%*	*-10.2%*	*-6.8%*
North Media Online	-4.1	-13.3	-0.4	0.2	-1.0	-2.9	-2.4	-2.2	-4.5	-4.2
Profit margin	*-5.1%*	*-15.6%*	*-2.0%*	*0.9%*	*-4.8%*	*-15.2%*	*-13.4%*	*-9.3%*	*-20.2%*	*-19.8%*
BEKEY	-10.2	-16.6	-3.5	-1.1	-3.6	-2.0	-5.2	-3.8	-4.7	-2.9
Profit margin	*-42.9%*	*-86.9%*	*-66.0%*	*-13.4%*	*-73.5%*	*-37.0%*	*-118.2%*	*-80.9%*	*-111.9%*	*-50.0%*
Unallocated income/costs	-6.0	2.0	-2.7	-2.5	-0.6	-0.2	1.1	-0.7	1.4	0.2
EBIT before special items	109.7	-0.1	43.4	15.9	20.8	29.6	18.6	-12.5	-2.1	-4.1
Profit margin	*9.6%*	*0.0%*	*14.1%*	*5.9%*	*7.1%*	*10.6%*	*7.1%*	*-6.0%*	*-0.9%*	*-2.0%*
Special items	-15.7	-0.4	-2.2	0.0	-9.3	-4.2	4.9	0.0	-0.2	-5.1
Group EBIT	94.0	-0.5	41.2	15.9	11.5	25.4	23.5	-12.5	-2.3	-9.2

Shareholder information

The Group and NASDAQ OMX Copenhagen
North Media A/S was the first Danish media group to be listed on the then Copenhagen Stock Exchange. This took place in May 1996.

Company information

Address:	North Media A/S Gladsaxe Møllevej 28 DK - 2860 Søborg
Internet:	www.northmedia.dk
Telephone:	(+45) 39 57 70 00
E-mail:	investor@northmedia.dk
CVR. no.:	66 59 01 19
Securities ID:	DK001027034-7
Auditors:	Deloitte Statsautoriseret Revisionspartnerselskab
Banker:	Danske Bank A/S

Financial year
The Group's financial year follows the calendar year, and this Annual Report covers the period 1 January to 31 December 2018, the Company's 38th financial year.

General Meeting
The Annual General Meeting will be held on 29 March 2019 at 3.00 pm at Ingeniørforeningens Mødecenter A/S, Kalvebod Brygge 31-33, 1780 Copenhagen V.

Share capital
The Company's share capital is DKK 100.3 million, distributed on 20,055,000 shares of DKK 5.00 nominal, which has been fully paid up. All shares are listed on NASDAQ OMX Copenhagen. No shares carry special rights, and the negotiability of shares is not limited in any way. Any amendment to the Articles of Association must be presented to the General Meeting and must be adopted by at least two-thirds of the votes cast as well as of the voting share capital represented at the General Meeting. If no proposal has been made or adopted by the Board of Directors, at least half of the voting share capital must be represented at the General Meeting.

Authorisation
The Board of Directors is authorised to increase the share capital once or several times by up to DKK 25 million.

Increases may take place by way of cash contributions or otherwise. Increases may take place without any pre-emptive right for the Company's existing shareholders if the increase is effected at market price, or as consideration for the Company's acquisition of an existing business, or specified assets at a price equivalent to the value of the shares issued. Other than in the cases described in the previous sentence, the shareholders have a pre-emptive right to subscribe for new shares on a proportionate basis. The authorisation is given for a period up to 31 March 2022.

Treasury shares
The Board of Directors is authorised to allow North Media A/S to acquire treasury shares up to an aggregate amount of 15% of the share capital in accordance with applicable law provided that the acquisition is made at the market price in force at the time of purchase with a variance of plus or minus 5%. The authorisation has been granted for a five-year period ending on 26 March 2020.

The Company's holding of treasury shares at 31 December 2018 was 1,100,000 shares (2017: 1,205,000 shares), or 5.48% of the share capital.

Dividend
Strong financial resources are considered an important strategic strength in the present market to achieve the goal of a group relying on several profitable pillars and generating high earnings. Another goal of the Board of Directors is to distribute dividend annually.

The Board of Directors recommends to the Annual General Meeting on 29 March 2019 that ordinary dividend of DKK 3.00 per share be distributed corresponding to a total dividend of DKK 60.2 million.

The Parent's income statement shows a profit of DKK 56.6 million. The Board of Directors recommends the following appropriation of profit/loss:

Appropriation of profit/loss, DKKm	
Retained earnings at 1 January 2018	321.8
Profit for the year	56.6
Share-based payment	0.8
Adjustments, investments in subsidiaries and associates	10.2
Dividend on treasury shares	1.7
Disposal treasury shares	2.2
Other equity items	0.0
Available for distribution	**393.3**
The Board of Directors submits the following appropriation of profit for approval by the Annual General Meeting:	
Dividend to the shareholders	60.2
Retained earnings at 31 December 2018	333.1

Shareholders
The register of shareholders holding at least 5% of the share capital, which the Company keeps in accordance with the Danish Companies Act, includes the following shareholders:

Olav W. Hansen A/S
Holmboes Alle 1
8700 Horsens
Including related parties owning 1,847,100 shares, equivalent to an equity interest of 9.21%.

Baunegård ApS
Fredensborg Kongevej 49
2980 Kokkedal

The principal shareholder is Richard Bunck, founder of the Company, who through a wholly-owned and controlled holding company, Baunegård ApS, holds 55.75% of the share capital.

Baunegård ApS prepares consolidated financial statements including North Media A/S.

The Board of Directors' and the Executive Board's shareholdings in North Media A/S at 31 December 2018

Board of Directors	**Shares**
Mads Dahl Andersen	211,918
Richard Bunck (incl. Baunegård ApS)	11,179,832
Peter Rasztar	0
Steen Gede	1,170
Ulrik Holsted-Sandgreen	0
Total	**11,392,920**

Executive Board	**Shares**
Kåre Stausø Wigh	80,000
Lasse Ingemann Brodt	30,000
Gorm Wesing Flyvholm	9,300
Henrik Løvig Jensen	8,755
Jannik Bray Christensen	0
Total	**128,055**

During the financial year 2018, the following shares were purchased or sold:
- Mads Dahl Andersen – purchased 40,500 shares
- Gorm Wesing Flyvholm – purchased 3,300 shares
- Henrik Løvig Jensen – exercised 30,000 share options, purchased 1,000 shares and sold 22,245 shares
- Søren Jacob Frederik Holmblad – exercised 30,000 share options and sold 18,986 shares prior to stepping down as member of the Executive Board.

Management
At year-end 2018, the Company's Board of Directors and Executive Board, excluding Richard Bunck, controlled 341,143 shares, or 1.70% of the share capital.

Share price
At 31 December 2018, the market capitalisation of the Company's shares was DKK 671.8 million.

Contact with investors
North Media A/S has an open and consistent dialogue with investors and analysts so as to provide the stock market with optimum and adequate information about the Company.

Meetings with shareholders, investors, financial analysts and other stakeholders are held.

Corporate site
North Media A/S' corporate site, www.northmedia.dk, provides information about the Company, the Board of Directors, the Executive Board, shareholders, etc.

Contact to investors
Kåre Stausø Wigh, Group Executive Director & CFO:

Telephone: (+45) 39 57 70 00
E-mail: investor@northmedia.dk

Company announcements

22 February 2018	New market situation and strategic focus improve financial performance in 2017 and strengthen the basis for heavily improved earnings in 2018
25 February 2018	Major shareholder announcement
20 March 2018	Notice convening the Annual General Meeting of North Media A/S
13 April 2018	Annual General Meeting of North Media A/S, Friday, 13 April 2018 - Summary
13 April 2018	North Media A/S - Articles of Association
14 May 2018	New Chief Executive Officer appointed to BEKEY A/S
16 August 2018	Interim Report 2018
24 August 2018	North Media A/S grants share options to the Company's Board of Directors, Executive Board and to selected executives of the Group
7 December 2018	North Media A/S adjusts expectations upwards for 2018
19 December 2018	Financial Calendar 2019

Financial calendar

7 February 2019	Annual Report 2018
15 February 2019	Term for submission of items for the agenda of the Annual General Meeting
29 March 2019	Annual General Meeting
2 May 2019	Interim Management Statement Q1 2019
15 August 2019	Interim Report 2019
7 November 2019	Interim Management Statement Q3 2019

Board of Directors' meeting calendar for 2019

28 January 2019	Monday
6 and 7 February 2019	Wednesday/Thursday
21 March 2019	Thursday
29 March 2019	Friday
1 and 2 May 2019	Wednesday/Thursday
25 June 2019	Tuesday
14 and 15 August 2019	Wednesday/Thursday
24 September 2019	Tuesday
6 and 7 November 2019	Wednesday/Thursday
4 December 2019	Wednesday

Our idea and mission

We provide offers and information to consumers

We collect, analyse and enrich data and in this way provide customers to our customers

We create value for our shareholders, customers and staff

We operate our business responsibly and with respect for our environment

Our values

Customer-driven growth
Accountability
Quality
Fairness
Positive aggressiveness

Our responsibility

The Company's role in society
Environment and climate
Labour

Our governance model

Rules of procedure
Concept
Policy

Our values

Customer-driven: Growth, value creation and availability
- We think growth – also for our customers.
- We develop value creating products and services that have market-place effect and are self-generating.
- We need to be ready when our customers are.

Accountability: Ownership, honesty and caution
- We take ownership and responsibility – even when it is difficult and may involve a risk.
- We are honest and clear and have the courage to make the right decisions.
- We take responsibility for our staff's working conditions, situation and environment.

Quality: Thoroughness, efficiency and improvement
- We know that thoroughness, order and methodicality create quality, efficiency and lasting solutions.
- We emphasise facts and measurements when making decisions.
- We think sustained improvements and ensure that each and every one has focus on delivering quality in products and processes.

Fairness: Business practice, equal treatment and mutual requirements
- We exercise sound business practice so that both our customers and we benefit from the partnership – this is fair and develops long relationships.
- We ensure that staff finding themselves in the same situation are treated equally.
- We make demands on each other and mutually keep the agreements made.

Positive aggressiveness: Passion, innovation and persistence
- We are passionate about what we do, we are persistent, and we get things done.
- We dare think innovatively, and challenge thoughts until a decision is made.
- We never act from fear, but from what we want and desire.

Our responsibility

The Company's role in society
- Respect for Danish values and culture.
- The rights of individuals, equality and a humane view of human nature.
- Anti-corruption guidelines.

Environment and climate
- Distribution of newspapers and printed matter.
- Use of newsprint.
- Energy consumption of terminals and office buildings.

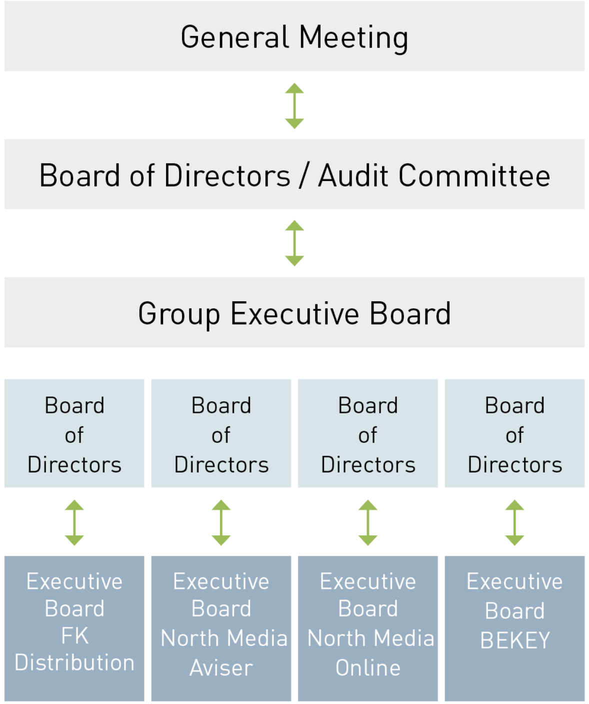
Labour
- Pay and working conditions for distributors of newspapers and printed matter.
- Working environment at FK Distribution's two packing terminals.
- Diverse staff mix. Staff are measured by their skills, effort, experience and approachs.

Our governance model

- Rules of procedure, instructions for the Board of Directors and the Executive Board.
- Concepts for business and HR management.
- Policy on corporate social responsibility.
- Policy on diversity and inclusion.
- Policy on investor relations and communication.
- Policy on internal control, accounting policies, reporting and controlling.

Corporate governance in North Media

Governance structure of North Media



North Media A/S has around 1,600 shareholders. The Company's founder, Richard Bunck, holds 55.75% of the shares and is so the principal shareholder. The general meeting is North Media A/S' ultimate authority and elects the members of the Board of Directors.

The decision-making power and responsibilities of the Board of Directors and the Executive Board are specified in the instructions for the Board of Directors and the Executive Board of North Media A/S.

The Board of Directors has five members who are elected annually. The Board of Directors is responsible for developing the Group's strategy and goals, the framework for the financial structure and risk management as well as policies and guidelines for the overall management of the Group, and it has held ten meetings in 2018 compared with nine in 2017. All members have attended all Board meetings.

When putting together the Board of Directors, the competencies are considered that are deemed relevant and important to be able to optimally perform its tasks. Experience with management, development of strategies, financial reporting and financial management, risk management, acquisition and divestment of businesses, entrepreneurship and scaling of organisations from small volumes to large volumes are vital competencies to hold on the Board of Directors. The Board of Directors of North Media A/S is composed of persons holding a mix of these competencies. The individual members' special competencies are evident from the Company's website.

Once a year, the Board of Directors performs a self-evaluation. The procedure is that, prior to the Board meeting at which the evaluation is to take place, each member completes a questionnaire with 15 questions. The main questions concern: 1) Conduct of Board meetings, 2) Assessment of the material received to prepare for the meetings, (3) Control function, and 4) Cooperation on the Board and contributions to value creation. The Chairman compiles the score for each of the 15 questions from the Board members and is responsible for summarising the answers and a discussion of how the Board work might be improved.

In the financial year 2018, Richard Bunck was chairman of the Annual General Meeting held on 13 April 2018. The conclusion from the latest evaluation of the Board of Directors under his chairmanship was that the Board functions well and its members cooperate well and are well-prepared and that focus is on relevant issues that are discussed openly and appropriately. At the Annual General Meeting of 13 April 2018, Mads Dahl Anders was elected new Chairman of the Board. The first self-evaluation of the Board under the new Chairman will be carried out in March 2019. The Board of Directors believes that the change of chairman went well and that the Board is still efficient.

The Audit Committee consists of two Board members (Peter Rasztar and Steen Gede) appointed by the Board of Directors for two years at a time. The Audit Committee is responsible for monitoring financial reporting, internal controls, risk management systems and audits. The organisation and tasks of the Audit Committee are specified in the Committee's terms of reference. The terms of reference and the description of the Group's internal control processes in financial reporting are evident from its website www.northmedia.dk/governance.cfm. In 2018, the Audit Committee held three meetings, and four in 2017.

The Group Executive Board consists of five members: A Group Executive Director & CFO and the four Chief Executive Officers from the Group's four segments. The overarching purpose of the Group Executive Board is to serve as a workroom at an operational level. This is reflected in four aims: 1) To provide inspiration and exchange experience about business initiatives, execution of strategy and other areas that may contribute to growth across the organisation; 2) to coordinate the preparation of external reporting and communication; 3) to implement the overall basic values; and 4) to define the framework for joint group information to staff. As a rule, the Group Executive Board meets ten times a year and otherwise as needed.

The Chief Executive Officer of each of the four segments refers directly to their separate boards of directors. Presently, these boards of directors are composed of the same five members as constitute the Board of Directors of North Media A/S. The Chief Executive Officers are responsible for formulating the business concepts and for the day-to-day management of the execution of strategy and action plan in their respective business segments. They participate in all Board meetings of North Media A/S, and they have a right to attend the Board meetings in the other business segments.

Corporate Governance
According to section 107b of the Danish Financial Statements Act and paragraph 4.3 of "Rules for Issuers of Shares – NASDAQ OMX Copenhagen", listed companies must draw up a report on corporate governance. The report must describe how the company deals with the recommendations regularly published by the Committee on Corporate Governance in Denmark. The Committee's recommendations are available from www.corporategovernance.dk.

When drawing up the report on corporate governance, the company must apply the "comply or explain" principle. Under this principle, the company must either comply with the corporate governance recommendations or explain why it has decided not to comply with them, or to just comply with some of them. This means that the company must state the recommendations that it does not comply with and the reasons for non-compliance and, where relevant, explain what measures it has taken instead.

According to the principle, the affairs and conditions of the company are what determine the extent to which the recommendations are complied with, or whether it would be inappropriate or undesirable for the company to do so, as the top priority is to ensure transparent corporate governance.

The Board of Directors and the Executive Board of North Media A/S regularly discuss and consider the Company's corporate governance policies and procedures. The recommendations, together with applicable law and guidelines as established by the Board of Di-rectors, form the basis of such work.

The Group follows 37 of a total of 47 recommendations. Three recommendations are followed in part, and seven are not followed. The Board of Directors is constantly considering how the recommendations may contribute to ensuring maximum value creation for the Company's shareholders. Accordingly, the Board of Directors also considers whether recommendations not previously complied with should be complied with.

The complete report and schedules are available from the Company's website, www.northmedia.dk/governance.cfm.

Areas in which North Media A/S deviates from the recommendations:

Dialogue between company, shareholders and other stakeholders
Recommendation 1.1.3 to publish quarterly reports is not followed.

In the financial year 2018, the Company did not publish quarterly reports, as it was believed that the resources required to prepare such reports would not be commensurate with the benefit. Effective from the financial year 2019, the Company has decided to publish interim management statements.

Independence of the board of directors
Recommendation 3.2.1 that at least half of the members of the board of directors elected by the general meeting be independent is not complied with.

In the past five years, Chairman Mads Dahl Andersen has been a member of the Executive Board before being elected to the Board of Directors and is therefore not independent. It is considered beneficial that the Chairman has thorough knowledge of the Group's activities. This is not deemed to mean, that Mads Dahl Andersen has special interests resulting in a negative impact on independence or the work of the Board of Directors in general.

Vice-Chairman Richard Bunck is also principal shareholder and hence not independent. He is deemed to have interests convergent with those of the other shareholders.

Board Member Ulrik Holsted-Sandgreen is an attorney-at-law and partner of Horten Advokatpartnerselskab, the law firm providing professional advisory services to the Company. Therefore, Ulrik Holsted-Sandgreen may not be considered independent. Ulrik Holsted-Sandgreen does not participate in decisions to engage Horten Advokatpartnerselskab as advisor to North Media A/S or the Group's companies.

25 April 2015, Steen Gede has had a seat on the Board for more than 12 years and may therefore not be considered independent.

29 April 2017, Peter Rasztar has had a seat on the Board for more than 12 years and may therefore not be considered independent.

Management does not believe that a Board member's independence and work on the Board of Directors depends on whether such member has been on the board for more or less than 12 years.

The Board of Directors is aware of the lack of independence pursuant to the recommendations on corporate governance, but does not agree with the recommendation, for which reason no decision has been made regarding particular compensating safeguards.

Board committees
Recommendation 3.4.2. that a majority of the members of a board committee be independent is not followed.

No particular board committees other than the Audit Committee have been appointed; however, the majority of the Board members are not independent. Refer also to the comments on item 3.2.1 for reasons as to why the recommendation is not followed.

Recommendation 3.4.7 to establish a remuneration committee and prepare a remuneration report is followed in part.

The entire Board of Directors composes the Remuneration Committee. A remuneration policy has been adopted that has been approved by the general meeting.

No annual remuneration report is prepared. Refer also to the comments on item 4.2.3 for reasons as to why the recommendation is not followed.

Evaluation of the performance of the board of directors and the executive board
Recommendation 3.5.1 to establish an evaluation procedure for evaluating the board of directors is followed in part.

An evaluation of the Board of Directors and the Executive Board and a self-evaluation of the Board of Directors are performed once a year in accordance with the Board of Directors' calendar of meetings. The Board members complete a questionnaire about their Board work, and this is discussed by the Board of Directors and described in the management commentary. This is consistent with the recommendation.

No external assistance is involved in the evaluation, as such assistance is not considered to significantly increase the quality and benefit of the evaluation process. Consequently, the recommendation is only followed in part.

Form and substance of the remuneration policy
Recommendation 4.1.2 concerning variable pay components is followed in part.

The recommendation is followed except that the Company cannot require repayment of variable pay components paid to an employee based on information, which later on turns out to be incorrect. Following the recommendation is considered inappropriate taking into the account the relatively limited number of variable pay components paid.

Recommendation 4.1.3 regarding remuneration of members of the board of directors by share options is not complied with.

Three out of the five members of the Board of Directors have been granted share options. Consequently, the recommendation is not followed because it is considered in the shareholders' interest that the Board members too have an interest in long-term value creation as well as an increasing share price.

Disclosure of the remuneration policy
Recommendation 4.2.2 concerning the shareholders' approval of proposed remuneration of the board of directors is not followed.

Remuneration to Board members is determined and approved by the Board of Directors. Following the implementation of the Shareholder Rights Directive in 2019, the Company intends to adjust its practice for approving and reporting remuneration accordingly and to submit proposals to the Annual General Meeting in 2020 for the approval of remuneration of the Board of Directors in 2020.

Recommendation 4.2.3 concerning preparation of a remuneration report on the total remuneration of the individual members of the board of directors and the executive board is not followed.

North Media does not prepare a remuneration report for 2018. Following the implementation of the Shareholder Rights Directive, as mentioned in item 4.2.2, the Company intends to prepare and publish a remuneration report for 2019.

Total remuneration of the Board of Directors, the Executive Board and executive staff is disclosed in the Annual Report. North Media A/S' general remuneration policy, which was approved at the Annual General Meeting in 2017, aims to ensure that the Company offers competitive remuneration, which is based on efforts and performance, and which is on a par with remuneration offered by comparable listed companies.

Whistle-blower scheme
Recommendation 5.2.1 to establish a whistle-blower scheme is not followed.

The Board of Directors does not consider a whistleblower scheme a guarantee that serious offences or suspicion thereof will be reported. The Board of Directors rather believes that open dialogue with and encouragement of all staff or others who might have something to report, to contact any member of the Executive Board or the Board of Directors are more effective.

Statutory report on corporate social responsibility

Core values and basic principles
North Media's business units are managed and driven by strong core values forming the basis of the Company's policies, rules and business processes. The Group considers corporate social responsibility a natural element of the different business units' strategies and daily operations.

One of North Media's basic principles is to demonstrate accountability to society, customers and employees. We also aim to demonstrate fairness and loyalty in any decision we make.

North Media regularly focuses on CSR-related matters as much as it does on its constant efforts to strengthen working processes and products.

Being accountable in all respects is an important element of the Group's values and therefore a key element of great relevance to the Group's vision, objectives and strategy. The Board of Directors lays down the overall policies and framework for the Group's corporate social responsibility efforts, and the responsibility for strategic execution and achievement of goals rests with the Group Executive Board and with Management in each business segment.

This means that North Media constantly focuses on not just complying with Danish and international rules and conventions, but also on using responsible behaviour to increase its financial, social and environmental performance through regular control, optimisation, operationalisation and reporting.

The business model for the individual segments is described on pages 9-26 of the management commentary.

Based on North Media's core values and basic principles and considering the business models in the Group's business segments, the Group's focus is on the following main areas:

- Environmental and climate impacts
- Human rights and labour aspects
- Anti-corruption

Environmental and climate impact
North Media considers the following two areas to be subject to particular environmental and climate risks:

- Consumption of newsprint
- Distribution

Consumption of newsprint
Policy
It is important for North Media A/S that the Group's newspapers are produced following sustainable methods. This is why the Group's newspapers are using FSC-certified newsprint. The FSC Certificate is a global labelling system widely supported by a number of environmental organisations such as WWF, Greenpeace and Nepenthes.

Action
North Media cooperates with some of Denmark's largest and best printing houses for the printing of the Group's newspapers. Pressens Fællesindkøb, the procurement association of the Danish press, and the printing houses ensure that the requirements for the traceability of newsprint, among others, are met, which is an important element of FSC certification.

The wood used to produce newsprint is from FSC-certified forests, mainly Nordic forests, where trees not are felled faster than it take new trees to grow.

Results
Most of the newsprint already used is collected and recycled through municipal recycling systems and is thus included in the production of new newsprint. This helps reduce the environmental impact as much as possible.

Distribution
Policy
North Media regularly explores avenues of more eco-friendly distribution arrangements, and would in this context particularly underline No Ads+, which holds the potential for revolutionising physical distribution in Denmark and for creating a greener distribution arrangement.

Action
North Media's subsidiary, FK Distribution, has developed NoAds+, allowing recipients of retail leaflets to choose exactly what printed matter they want to receive and what not to receive.

FK Distribution has also refined its digital platform, minetilbud.dk. Via iOS and Android apps, users can look for bargains while on the road and read the latest retail leaflets whether on a train or on their couch at home.

Results
The NoAds+ scheme has gained wide backing from retailers. This is because NoAds+ consumers spend more time reading the individual retail leaflet opted for, but also that NoAds+ enables retailers to enhance their CSR profile vis-à-vis customers, business partners and political stakeholders.

FK Distribution expects that minetilbud.dk will gain more currency and that the NoAds+ will continue to play a significant role when Danish households are to decide whether or not to receive printed matter. By developing new products and services that combine print and online, we aim to offer more efficient marketing channels.

Human rights and labour aspects
North Media's human rights efforts should be viewed in the context of the Group in practice only operating in Denmark. So, in practice these efforts are concentrated on social aspects, including employee conditions and a general respect for human rights, see "Core values and basic principles".

It is group policy to offer all full-time staff a pension and health care plan (within the framework of the collective agreements applicable for each trade group), with related insurance cover in the event of illness or death. It is also group policy to give everybody equal rights – regardless of gender, age or ethnicity.

The Group has identified the following three areas as particular risk areas with respect to human rights and employee conditions:

- Pay and working conditions for the Group's distributors of newspapers and printed matter
- Health and safety in production
- Non-discrimination of employees upon engagement or promotion.
- Diverse staff mix.

Pay and working conditions for the Group's distributors of newspapers and printed matter
Policy
Thanks to its distribution business, North Media is one of Denmark's largest workplaces for young people. Working as a distributor is often the first source of money earned outside their home. This places heavy demands on North Media as a business and on the organisation, systems and procedures to ensure that each of our employees has a positive and favourable perception of their first job.

Action
The introduction to the job is always given in dialogue with the distributor and his or her parents. Thorough instructions and follow-up are provided, and comprehensive introduction material has been prepared, which – based on many years of experience – is aimed at introducing the young distributor to the job before, during and after having done the work.

The distributors are involved in the planning of their work. From their personal page at www.blivomdeler.nu, they can easily plan the delivery sequence they find optimal for visiting the individual households. Then we pack the products in the sequence requested.

To ensure that the employee always receives a pay reflecting the effort made on the individual route, various checks are carried out. Their purpose is to ensure that we comply with the working environment rules and that the distributors receive a fair pay reflecting the work they do. The distribution business has dedicated employees, who regularly give instructions and check that North Media meets the targets set.

Results
We believe that we help our young distributors develop basic skills such as organising one's time and planning an assignment by offering them a job as a distributor. Add to this attitudinal values such as reliability and a sense of responsibility. These are all skills that help develop them as individuals and citizens; specific skills that they will need to have when they begin their studies and later when they enter the job market as adults. The distributors' sense of responsibility is also underlined by the fact that they perform on the same level as our older distributors.

Health and safety in production
Policy
The distribution business' policy is to put conditions in place for a good working environment. A low frequency of industrial injuries and sickness absenteeism and many years of service among employees at the packing terminals are a measure of success in that respect.

Action
The low frequency of sickness absenteeism is to be maintained on the basis of continued, close staff involvement and visible management, but also by maintaining the systematic efforts to counter and prevent industrial accidents. Industrial injuries are always analysed by the health and safety organisation.

Focus is on sickness absence, and systematic follow-ups are made on the basis of sickness interviews. In that respect, the Company also focuses on long-term healthy employees who have not contracted any sickness over the past 12 months.

Results
In 2018, seven minor injuries occurred in production, which is on a par with 2017. Compared with 2017, sickness absenteeism at the terminals has increased a little and totals 4.0 days a year inclusive of employees on long-term sick leave, equalling a sickness absenteeism rate of 1.8%, which is still a low rate. The rate of long-term healthy production staff without absence due to sickness is 22% in 2018. The table above shows sickness absenteeism for the period 2014 to 2018 compared with industry figures up to 2017.

The length of service among our production staff has gone down from 8.4 years in 2017 to 7.0 years in 2018, which is ascribable to more people having been hired because of the increased volume of printed matter.

Equal terms when engaged and when promoted
Policy
The Company's staff policy is based on its strong core values, which aim at providing equal opportunities to everybody, and that, as a rule, everybody must meet the same requirements.

Action
For example, it is a requirement for being employed with the Group's packing terminals that the candidate is able to speak and understand Danish. Employees are also instructed to speak only in Danish at the workplace so that everyone can understand all conversations and no one feels left out.

To give employees better job rotation opportunities and thus higher job enrichment, employees not holding a forklift driver's licence are offered training and the opportunity to acquire such licence.

Results
This has led to the successful integration of those approximately 90% of the Group's packing staff who are non-ethnic Danes. As a result, the supervisory positions are increasingly held by non-ethnic Danes, which in itself has a cumulative effect on successful integration.

In practice, no conflicts exist in the workplace despite the fact that people from different cultures work together.

Diverse staff mix
Policy
North Media's objective is to be an attractive workplace to persons with strong skills who can help develop the Group. The overall aim of the diversity and social inclusion policy is to ensure that all employees are evaluated equally based on their competencies. Moreover, we view diversity as a precondition for maintaining a good and innovative work environment. We strive to have a multifarious staff mix regardless of gender, ethnic background, religion, nationality, sexual orientation and age. We believe that diversity is a strength that helps the Group attract and maintain the best talent.

To North Media, social inclusion means that all groups of employees are able to make a career for themselves.

The policy applies to the listed Parent, North Media A/S. The subsidiaries will be drawing up their own policies in so far as they are subject to Danish Act no 1383 of 23 December 2012.

Action
North Media makes use of employee surveys and performance evaluations to identify manager potential among group employees to develop staff and encourage skilful employees to apply for a managerial position within the Group.

From the very beginning of the Company, it has always been natural for North Media and our subsidiaries to consider women and men equally qualified for any of the Group's vacant positions. Only individual qualifications, approaches and work efforts have been and are crucial in appointing an employee to a position. No matter what position is or has been vacant.

The Company does not do anything particular to promote one gender over the other. Precisely that would not be in line with the Company's culture either.

Results
At North Media, there is almost a balance of male employees and female employees.

At executive board level, the current five members are all men. The current number of male and female managers is three and three, respectively.

The Board of Directors is made up of five members who are all men. The current male Board members have been carefully selected based on their competence as well as the challenges and development potential faced by the Group.

When, at a given moment in time, North Media decides to add new skills to the Board of Directors, or if a member would like to resign, North Media will seek to have at least 25% of the candidates for the vacant seat(s) on the Board represent the underrepresented gender, meaning women. Over the four-year period from 2017 to 2020, the objective is also for women to make up at least 20% of the Board of Directors. These objectives are considered ambitious but also realistic.

At the Annual General Meeting held on 13 April 2018, the current Board of Directors was re-elected, and Mads Dahl Andersen was elected new member. He was recommended and elected because of his indepth knowledge about and experience with the Group and its activities.

So, the objective of at least 25% women candidates for vacant seats on the Board and at least 20% women on the Board has not been fulfilled yet.

Anti-corruption

Policy

North Media's anti-corruption efforts are based on its strong core values, see description in "Core values and basic principles".

Action

Employees have never been permitted to receive gifts from vendors. Any gifts received from vendors, typically before Christmas, are distributed randomly among the individual departments by way of a draw among all employees. Books received as part of reviews or publicity in the newspapers are held by the editorial office and distributed among all employees before Christmas.

Results

The Group has never recorded any cases of bribery or other type of corruption, and it is not considered a risky area.

Risks and risk management

A risk is defined as an event that, if it occurs, will reduce the possibility of achieving a specific goal. Such goal reflects what the North Media Group strives to achieve in relation to our strategy whereas risks are the reasons why it does not achieve that goal.

Negative surprises are unwanted, and risk management enables the assessment of risks and implementation of measures to reduce the effect of risks to an acceptable level.

The risk management process identifies, assesses, responds to, monitors and reports risks.

Like the rest of the Group, the general management of the risk area is based on the principles of the fundamental management structure, which is described in the section on corporate governance. Risks are followed up on and managed by means of internal policies, concepts and procedures.

Risk policy
Our risk management policy is to proactively manage risks to ensure sustained growth of our business and to protect our staff, assets and reputation. Consequently, we:

- Apply an effective and integrated risk management process while maintaining corporate flexibility.
- Identify and assess significant risks associated with our business.
- Monitor, manage and reduce risks.

Our risk-taking approach (risk tolerance) depends on the specific category of risk:
- We accept risks involved in bringing to the market new technological solutions that meet customers' requirements.
- We have adopted a conservative approach to managing financial risks.
- We strive to reduce supply chain risks through proactive business planning and back-up facilities (newspaper printing facilities, IT systems etc.).
- We aim to reduce risks for people and the environment in our business activities.

Risks of North Media
- Strategic (which may be affected by, for example, political risks, megatrends and market risks).
- Operational.
- Financial.
- Compliance (observance of law and regulations etc.).

North Media's principal risks and measures to reduce them are listed below:

Risks	Description	Mitigating measures
Strategic		
Political	Political decisions and steps may affect the competition to provide the goods and services that consumers want, at a fair price.	We are working determinedly to help political decision-makers have a well-documented and correct basis for decision.
Megatrends	Social media, led by Google, Facebook and Instagram, have entered the market of disseminating offers to consumers, and retailers are increasingly substituting the retail leaflet for offers advertised through social media. FK Distribution is today considering social media our largest and most serious competitors.	North Media wants to be at the forefront of this development and therefore works actively to develop products within the more classic print activities as well as modern online activities.
Market risks (fluctuations in demand caused by macroeconomic developments)	All of North Medias business units are high-volume businesses. In the short run, earnings are sensitive to fluctuations in volume as the production capacity cannot be adjusted at short notice.	• FK Distribution's contract portfolio is composed of one-year and two-year contracts. • North Media Aviser: The membership of Pressens Fællesindkøb helps reduce the market risk related to prices of newsprint. • North Media Aviser: Long-term print contracts ensure that print prices are constantly competitive.
Market risks (technological developments)	North Media Online works with new business models on new platforms. BEKEY: The market for electronic access control for buildings is new, and the business model includes hardware in the form of physical products with a long time of development and production and lead-time.	• Attempts are made for both North Media Online and BEKEY to constantly adjust their business models to the new and immature markets and to technological developments.
Operational		
Operational	Breakdown of IT systems or fire at terminals or in office buildings.	• FK Distribution's distribution terminals in Taastrup and Tilst are fireproofed and insured as necessary. • North Media Aviser: Production and printing may be redirected to other servers and printing houses. • North Media regularly updates the Group's IT procedures, including the its IT security policy, IT risk analysis and IT security test. IT operations may relatively quickly be moved to other servers. • The Group's assets are appropriately insured based on insurable risks and own risk.

Risks	Description	Mitigating measures
Operational	Unsatisfactory quality in distribution of printed matter	• Sorting systems pack the printed matter in household sets by route with a very low number of errors per thousand. • Distribution quality is ensured through training and control calls. • FK Distribution cooperates closely with selected customers on an ongoing basis to continuously improve quality.
	Consistency of supply may be challenged	• BEKEY carefully selects its suppliers, and stock of products ensures ability to deliver.
Financial		
Financial	Portfolio of securities	North Media makes investments based on a long-term “buy and hold” strategy.
	Interest rate risks	Hedges interest rate risks on the Group’s long-term loans.
	Cash flow risks	• Adequate and flexible financial resources. • The Group's cash pool optimises interest received and interest paid on the Group’s total cash flows. • Sound dividend policy.
	Credit risks	The Group’s bad debt loss has historically been limited in size.
	Currency risks	Newsprint is purchased in SEK and NOK. The membership of Pressens Fællesindkøb helps reduce the market risk related to prices of newsprint.
Reporting risks	Financial reporting process	Internal control and risk management processes ensure that internal and external financial statements give a true and fair view free from material misstatement.
Compliance risks		
Compliance	Non-compliance with regulations and standards may lead to financial losses and have an adverse effect on the Group’s reputation	We work continuously on ensuring that we give priority to complying with applicable regulations and standards.

Statement by Management on the Annual Report

The Board of Directors and the Executive Board have today considered and approved the Annual Report of North Media A/S for the financial year 1 January to 31 December 2018.

The consolidated financial statements are presented in accordance with International Financial Reporting Standards as adopted by the EU. The parent financial statements are presented in accordance with the Danish Financial Statements Act. Furthermore, the Annual Report is prepared in accordance with Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2018 and of their financial performance and the Group's cash flows for the financial year 1 January to 31 December 2018.

We believe that the management commentary contains a fair review of the developments in the Group's and the Parent's activities and finances, performance for the year and the Parent's financial position, and of the financial position as a whole for the entities included in the consolidated financial statements as well as a description of the most material risks and uncertainties facing the Group and the Parent.

We recommend the Annual Report for adoption at the Annual General Meeting.
Søborg, 7 February 2019

Executive Board

Kåre Stausø Wigh
Group Executive Director & CFO

Lasse Ingemann Brodt
CEO, Forbruger-Kontakt A/S

Gorm Wesing Flyvholm
CEO, North Media Aviser A/S

Henrik Løvig Jensen
CEO, North Media Online A/S

Jannik Bray Christensen
CEO, BEKEY A/S

Board of Directors

Mads Dahl Møberg Andersen
Chairman

Richard Gustav Bunck
Vice-Chairman

Peter Rasztar

Steen Gede

Ulrik Holsted-Sandgreen

Adoption

As presented and adopted at the Annual General Meeting of shareholders on 29 March 2019.

As chairman of the meeting:

Ole Borch
Attorney-at-Law, Borch & Elverdam Advokatanpartsselskab

Independent auditor's report

To the shareholders of North Media A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of North Media A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the statement of comprehensive income and the cash flow statement of the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act.

Furthermore, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31.12.2018, and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were first appointed auditors of North Media A/S on 3 April 2009 for the financial year 2009. We have been re-appointed annually at the annual general meetings for a total consecutive engagement period of 10 years up to and including the financial year 2018.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 01.01.2018 – 31.12.2018. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Special items
Income and expenses recognised as special items represent a net expense of DKK 15.7 million (2017: a net expense of DKK 0.4 million). We refer to Note 13 in the Annual Report.

Recognising income and expenses as special items may have a material effect on the presentation of the Group's profit or loss and on comparability from year to year. In addition, estimates are included in the identification, classification and measurement of items presented as special items, also due to the significance and non-routine nature of such items. There is also a risk that the Group's accounting policy for special items is not applied consistently.

Based on this, special items are considered a key audit matter.

How the matter was addressed in our audit
As part of our audit, we have assessed the appropriateness of the overall presentation and classification of expenses recognised as special items and the consistency thereof with the Group's accounting policies. In this context, we:

- Assessed whether expenses recognised as special items in respect of the Group's restructuring are directly and closely related to such restructuring.
- Assessed the completeness of the special items recognised, with special focus on the existence of any further income that should have been classified as special items.
- Examined the calculation of all material expenses recognised as special items and verified amounts calculated to underlying documentation and agreements as well as assessed the reasonableness of the estimates made by Management in the calculation of the amounts.
- Assessed whether disclosures in the notes are adequate and appropriate.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements
Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act as well as the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the consolidated financial statements and the parent financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 7 February 2019

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR. N0. 33 96 35 56

Henrik Hjort Kjelgaard
State-Authorised Public Accountant
mne 29484

Morten Dandanell Kiærskou
State-Authorised Public Accountant
mne 33749

Consolidated statement of comprehensive income

	Note	2018 DKKm	2017 DKKm
Revenue		**1,144.9**	**899.4**
Direct expenses	20	331.3	279.8
Direct staff costs	6	261.1	209.8
Gross margin		**552.5**	**409.8**
Staff costs	6, 7	269.6	261.6
Other expenses	8	151.2	124.2
Amortisation and depreciation	9, 17	27.5	28.5
Other operating income		5.5	4.4
EBIT before special items		**109.7**	**-0.1**
Special items, net	13	-15.7	-0.4
EBIT		**94.0**	**-0.5**
Share of profit/loss in associates	10	0.9	-2.4
Return on securities	11	5.2	34.7
Financial income	12	0.1	4.6
Financial expenses	12	-27.1	-7.8
Profit before tax		**73.1**	**28.6**
Tax for the year	14	17.3	0.6
Net profit for the year		**55.8**	**28.0**

	Note	2018 DKKm	2017 DKKm
Net profit for the year		**55.8**	**28.0**
Financial statement items that may later be reclassified to the income statement:			
Translation adjustments, foreign companies		0.1	0.1
Fair value adjustment of hedging instruments		1.0	2.7
Tax, other comprehensive income		-0.2	-0.6
Interest rate swap settled, recycled to profit or loss		12.1	0.0
Tax on interest rate swap		-2.7	0.0
Other comprehensive income		**10.3**	**2.2**
Comprehensive income		**66.1**	**30.2**
Attributable, net profit/loss			
Shareholders in North Media A/S		56.4	28.6
Minority interests		-0.6	-0.6
		55.8	**28.0**
Attributable, comprehensive income			
Shareholders in North Media A/S		66.7	30.8
Minority interests		-0.6	-0.6
		66.1	**30.2**
Earnings per share, in DKK	15		
Earnings per share (EPS) - total		3.0	1.5
Diluted earnings per share (EPS-D) - total		3.0	1.5

Consolidated balance sheet

Assets

	Note	2018 DKKm	2017 DKKm
Goodwill		39.1	39.1
Other intangible assets		12.4	16.1
Completed development projects, software		1.5	0.3
Intangible assets	17	**53.0**	**55.5**
Land and buildings		247.2	258.9
Investment property		16.6	0.0
Plant and machinery		51.2	53.1
Operating equipment, fixtures and fittings		7.4	9.9
Property, plant and equipment	17	**322.4**	**321.9**
Investments in associates	19	12.5	10.2
Other securities and investments		5.7	11.0
Deferred tax asset	22	0.0	1.8
Other receivables		1.9	2.6
Other non-current assets		**20.1**	**25.6**
Total non-current assets		**395.5**	**403.0**
Inventories	20	3.6	5.5
Trade receivables	21	83.0	80.9
Income tax receivables		0.0	2.6
Other receivables		1.9	0.9
Prepayments		14.2	10.7
Securities		256.5	240.8
Cash		70.7	40.3
Total current assets		**429.9**	**381.7**
Total assets		**825.4**	**784.7**

Equity and liabilities

	Note	2018 DKKm	2017 DKKm
Share capital		100.3	100.3
Treasury shares		-33.1	-35.3
Hedging reserves		0.0	-10.2
Reserve, translation adjustments		-2.7	-2.8
Retained earnings		474.2	445.4
Parent's share of shareholders' equity		**538.7**	**497.4**
Minority interests		0.0	0.3
Total equity	23	**538.7**	**497.7**
Deferred tax	22	4.7	0.0
Financial institutions	24	126.6	125.4
Fair value, interest rate swap	25	0.0	10.5
Total non-current liabilities		**131.3**	**135.9**
Financial institutions	24	4.5	6.7
Trade payables		44.0	43.6
Purchase price payable	26	0.0	7.6
Fair value, interest rate swap	25	0.0	2.6
Income tax payable		7.0	0.0
Contract liabilities	27	10.1	8.6
Other payables	29	89.8	82.0
Total current liabilities		**155.4**	**151.1**
Total liabilities		**286.7**	**287.0**
Total equity and liabilities		**825.4**	**784.7**

Consolidated statement of changes in equity

DKKm	Share capital	Treasury shares	Hedging reserves	Reserve, translation adjustments	Retained earnings	Parent's share of shareholders' equity	Minority interests	Total equity
Equity 1 January 2017	**100.3**	**-41.2**	**-12.3**	**-2.9**	**416.5**	**460.4**	**0.0**	**460.4**
Change in equity 2017								
Net profit for the year	0.0	0.0	0.0	0.0	28.6	28.6	-0.6	28.0
Translation adjustments, foreign companies	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1
Fair value adjustment of hedging instruments	0.0	0.0	2.7	0.0	0.0	2.7	0.0	2.7
Tax, other comprehensive income	0.0	0.0	-0.6	0.0	0.0	-0.6	0.0	-0.6
Other comprehensive income after tax	**0.0**	**0.0**	**2.1**	**0.1**	**0.0**	**2.2**	**0.0**	**2.2**
Total comprehensive income	**0.0**	**0.0**	**2.1**	**0.1**	**28.6**	**30.8**	**-0.6**	**30.2**
Minority interest in connection with consolidation of Mesto	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.9
Sale of treasury shares	0.0	5.9	0.0	0.0	0.0	5.9	0.0	5.9
Share-based payment	0.0	0.0	0.0	0.0	0.3	0.3	0.0	0.3
Total changes in equity in 2017	**0.0**	**5.9**	**2.1**	**0.1**	**28.9**	**37.0**	**0.3**	**37.3**
Equity at 31 December 2017	**100.3**	**-35.3**	**-10.2**	**-2.8**	**445.4**	**497.4**	**0.3**	**497.7**
Change in equity 2018								
Net profit for the year	0.0	0.0	0.0	0.0	56.4	56.4	-0.6	55.8
Translation adjustments, foreign companies	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1
Fair value adjustment of hedging instruments	0.0	0.0	1.0	0.0	0.0	1.0	0.0	1.0
Tax, other comprehensive income	0.0	0.0	-0.2	0.0	0.0	-0.2	0.0	-0.2
Interest rate swap settled, recycled to profit or loss	0.0	0.0	12.1	0.0	0.0	12.1	0.0	12.1
Tax on interest rate swap	0.0	0.0	-2.7	0.0	0.0	-2.7	0.0	-2.7
Other comprehensive income after tax	**0.0**	**0.0**	**10.2**	**0.1**	**0.0**	**10.3**	**0.0**	**10.3**
Total comprehensive income	**0.0**	**0.0**	**10.2**	**0.1**	**56.4**	**66.7**	**-0.6**	**66.1**
Adjustment regarding deconsolidation of Mesto	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3
Sale of treasury shares	0.0	2.2	0.0	0.0	0.0	2.2	0.0	2.2
Share-based payment	0.0	0.0	0.0	0.0	0.8	0.8	0.0	0.8
Dividend paid	0.0	0.0	0.0	0.0	-30.1	-30.1	0.0	-30.1
Dividend on treasury shares	0.0	0.0	0.0	0.0	1.7	1.7	0.0	1.7
Total changes in equity in 2018	**0.0**	**2.2**	**10.2**	**0.1**	**28.8**	**41.3**	**-0.3**	**41.0**
Equity at 31 December 2018	**100.3**	**-33.1**	**0.0**	**-2.7**	**474.2**	**538.7**	**0.0**	**538.7**

Consolidated cash flow statement

	Note	2018 DKKm	2017 DKKm
Net profit/loss		**55.8**	28.0
Adjustments	29	66.5	1.8
Changes in working capital	30	5.2	-3.5
Cash flow from operating activities before net financials		**127.5**	**26.3**
Interest received		0.1	4.6
Interest paid		-18.8	-7.5
Cash flow from ordinary activities before tax		**108.8**	**23.4**
Income tax paid	14	-4.1	-0.4
Cash flow from operating activities. total		**104.7**	**23.0**
Investments in software, property, plant and equipment	31	-26.1	-32.4
Disposals of property, plant and equipment		0.4	1.1
Dividend from associates	19	0.0	0.0
Investment in securities, net		-15.5	3.2
Dividend from securities		5.1	4.3
Investment and return from other non-current assets		1.1	-3.9
Acquisition of companies including deferred payments	26, 39	-7.6	-12.9
Divestment of activity and equity interests in subsidiaries and associates		0.0	3.0
Investment in associates	19	-1.5	-0.6
Cash flow from investing activities, total		**-44.1**	**-38.2**
Repayment of non-current liabilities	32	-4.0	-6.9
Sale of treasury shares	23	2.2	5.9
Dividend paid		-28.4	0.0
Cash flow from financing activities. total		**-30.2**	**-1.0**
Total cash flows' for the year		**30.4**	**-16.2**
Cash and cash equivalents at 1 January		**40.3**	**56.5**
Cash and cash equivalents at 31 December		**70.7**	**40.3**

Notes to the consolidated financial statements

1 Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports for listed companies and the Danish Executive Order on Adoption of IFRSs issued in accordance with the Danish Financial Statements Act.

The income statement is presented classified by nature.

Accounting policies are unchanged compared with 2017, except for the changes below regarding IFRS 9 and IFRS 15.

New or revised Standards and Interpretations
North Media has implemented all new or revised IFRSs and Interpretations as adopted by the EU, and which are effective for financial years beginning on 1 January 2018, including IFRS 9 and IFRS 15.

IFRS 9
Effective from 1 January 2018, the North Media Group has implemented IFRS9 Financial Instruments, which replaces IAS 39. For example, the Standard introduces a new model for classifying and measuring financial assets and liabilities based on the entity's business model and characteristics of the underlying cash flows. It also introduces a new impairment model for all financial assets.

North Media has evaluated the effect of implementing the Standard and believes that the financial statements will only be affected by the change in disclosure requirements for the notes of the Annual Report. The change in impairment principle has had an insignificant impact on North Media's current impairment process and therefore no noticeable effect on the Annual Report because of the historically very small losses on receivables. The Group believes that the portfolio of securities and other investments under the classification criteria of IFRS 9 may continue to be recognised at fair value through profit or loss as securities and other investments are not only held for the purpose of receiving payment of interest and principal.

IFRS 15
Effective from 1 January 2018, North Media has implemented IFRS 15 Revenue from Contracts with Customers. IFRS 15 replaces IAS 11 and IAS 18 on revenue as well as Interpretations. The new Standard introduces a new model for recognising and measuring revenue from sales contracts with customers. The new model builds on a five-step model that is to be used for all sales contracts with customers to determine when and how revenue must be recognised in the income statement. North Media has analysed the effect of IFRS 15 and believes that the implementation has no bearing on the Group's recognition and measurement of revenue.

Standards and Interpretations that have not yet become effective
At the time of publication of this Annual Report, a number of new or revised Standards and Interpretations exist that have not yet become effective, for which reason they have not been incorporated in this Annual Report.

IFRS 16 Leases will become effective from 1 January 2019 and replace the current standard on leases, IAS 17. IFRS 16 will entail that virtually all leases must be recognised in the balance sheet of the lessee's financial statements by way of a lease commitment and an asset that represents the lessee's right to use the underlying asset. There will no longer be any distinction between operating leases and finance leases. The North Media Group has only minor assets capitalisable under IFRS 16. The Group owns the properties from which most of its business is operated and has only few leases on cars. The extent thereof is described in more detail in Note 33.

Presentation currency
The Annual Report is presented in Danish kroner.

2 Accounting policies

Consolidated financial statements
The consolidated financial statements comprise the Parent, North Media A/S, and the subsidiaries in which North Media A/S exercises control through a controlling interest. Control exists where North Media A/S owns or holds, directly or indirectly, more than 50% of the voting rights or otherwise exercises control over the enterprise concerned. Enterprises, in which the Group holds between 20% and 50% of the voting rights and exercises a significant, but not controlling influence, are considered associates.

The consolidated financial statements are prepared by consolidating the financial statements of the Parent and the relevant subsidiaries, all of which are presented in accordance with the Group's accounting policies. All intra-group items, including revenue, expenses, interest, dividends, unrealised gains and losses on intra-group transactions as well as balances and investments, are eliminated for the purpose of consolidation.

The proportionate share of the fair value of the subsidiary's identifiable net assets and recognised contingent liabilities offsets investments in subsidiaries at the time of acquisition.

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the date of acquisition or establishment. Comparatives are not restated for enterprises newly acquired, sold or discontinued, unless sold or discontinued enterprises qualify under IFRS 5 as discontinued activities. Acquisitions of new enterprises which give the Parent control over the enterprise acquired are accounted for by applying the purchase method, according to which the identifiable assets, liabilities and contingent liabilities of the acquired enterprises are measured at fair value at the time of acquisition. Identifiable intangible assets are recognised if they can be separated from or arise from a contractual right. Deferred tax is recognised on the revaluations.

Positive differences (goodwill) between the cost of the acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities acquired are recognised as goodwill under intangible assets. Goodwill is not amortised but is tested for impairment. The first impairment test is carried out before the end of the year of acquisition. On acquisition, goodwill is allocated to the cash-generating units which subsequently provide the basis for the impairment test. Negative differences (negative goodwill) are recognised in the income statement at the time of acquisition.

Profits or losses from divestment or winding-up of subsidiaries and associates are calculated as the difference between selling price plus fair value of any equity interests held or settlement price and the carrying amount of net assets, including goodwill, at the time of sale plus divestment or winding-up expenses.

Currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date are recognised in the income statement as financial income or financial expenses.
Receivables, payables and other monetary items denominated in foreign currency which have not been settled at the balance sheet date are translated at the closing rate. Differences between the closing rate and the exchange rate at the time when the receivable or payable has occurred or is recognised in the latest financial statements are recognised in the income statement under financial income and expenses.

On recognition of foreign subsidiaries and associates in the consolidated financial statements using a functional currency different from the presentation currency of the Group, the income statement is translated at the average exchange rate for each month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Exchange differences arising from the translation of the opening equity of foreign group enterprises at closing rates and exchange differences from the translation of income statements from average rates to closing rates are taken directly to other comprehensive income and are taken to a separate reserve in equity.

Derivative financial instruments
Derivative financial instruments are initially recognised at fair value in the balance sheet and subsequently measured at fair value. Positive and negative fair values are recognised as other receivables and other payables, respectively.

Fair value adjustments of derivative financial instruments classified as hedges of expected future cash flows are recognised in other comprehensive income and are included in equity under a separate hedging reserve until the hedge transaction is carried through.

Statement of comprehensive income

Revenue
Revenue comprises income from the Group's four segments for goods and services rendered. Revenue is recognised when control of each identifiable performance obligation passes to the customer and measured at present value of the consideration agreed net of VAT, cash discounts and quantity discounts.

Revenue from the FK Distribution segment arises from the distribution of door-to-door-distributed newspapers and printed matter as well as the packing of printed matter for external distribution companies. Revenue is recognised at the time of distribution.

North Media Aviser's revenue arises from newspaper advertisements and sales, including income from subscriptions. Revenue from advertisements is recognised at the date of issuance of the newspaper whereas revenue from daily newspapers (from subscriptions) is recognised as and when the newspapers are issued.

Online income comprises job and banner ads, user charges, subscription income as well as sales of software for classified advertisement databases, including in particular job databases. Revenue from subscriptions is recognised over time concurrently with the subscription period whereas income from advertisements is recognised upon delivery.

BEKEY's revenue arises from the sale of key systems. Revenue from physical goods is recognised when such goods have been installed whereas related payment of subscriptions for using the administration system is recognised over the term of the contract.

The terms of payment of the Group's sales contracts with customers depend partly on the underlying performance obligation and partly on the underlying customer relationship, although typically the terms of payment will be between 14 and 30 days, alternatively invoice month + 30 days.

Direct expenses
Direct expenses include expenses incurred to generate revenue for the year. The expenses comprise printing, external distribution, distribution services, excluding direct staff costs and Google expenses that may be attributed directly to revenue-generating activities.

Direct staff costs
Direct staff costs include costs of staff in functions performed directly to generate the year's revenue, including distribution pay and payroll costs of warehouse and other production functions.

Staff costs
Staff costs include wages and salaries as well as social security costs, pensions etc. for the Company's staff in production management, sales and administrative functions.

Other expenses
Other expenses include costs of sale, advertising, administration, premises, bad debts etc. Costs relating to development projects which do not qualify for recognition in the balance sheet are recognised under other expenses.

Amortisation and depreciation
Amortisation and depreciation comprise amortisation of intangible assets and depreciation of property, plant and machinery over the expected useful life of the individual asset. Profit/loss from the sale or retirement of intangible assets and property, plant and equipment is calculated as the selling price less selling expenses and the carrying amount at the time of sale.

Other operating income
Other operating income includes items of a secondary nature relative to the activities of the enterprises.

The item also includes public grants which the Group receives from the Danish Agency for Culture to cover editorial costs for Helsingør Dagblad. Grants are obtained by application. In 2018, the Group received DKK 2.2 million in grants (2017: DKK 2.0 million). Public grants are recognised when it is virtually certain that the grant conditions will be fulfilled and the grant will be received.

Share option programme
The value of options granted in relation to the Group's share option programme is measured at the fair value of the options at the grant date.

The Group's share option programme can solely be exercised by acquiring shares in North Media A/S, and is therefore classified as an equity programme, whereby the determined fair value of the granted share options is recognised in the income statement under staff costs over the period in which the final right to the options vests. The contra entry is carried directly to equity.

On initial recognition of the share options, an estimate is made of the number of options to which the employees are expected to acquire a right, see the granting conditions described in Note 7. Subsequently, adjustments are made for changes in the estimate of the number of vested options so that the total recognition is based on the actual number of vested options.

The fair value of the options granted is estimated by using the Black Scholes pricing model. In this estimate, allowance is made for the terms and conditions that apply to the share options granted.

Special items
Special items include write-down of goodwill, other intangible assets and adjustment of acquisition price payable related to acquisitions of enterprises or activities. Included in special items are also impairment losses for properties no longer used for their original purpose, termination benefits for members of the Executive Board and severance costs in cases where the Danish Collective Dismissal Act has been applied or in equitable situations. Finally, the item includes capital gains or losses from the sale of enterprises or activities.

Return on securities
This item includes realised and unrealised gains or losses from the portfolio of securities as well as income received in the form of dividends, interest etc.

Share of profits/losses in associates
The proportionate shares of the net profits/losses in associates are included in the consolidated income statement after elimination of the proportionate shares of unrealised intra-group gains/losses.

Financial income and expenses
Financial income and expenses relate to interest rates, discount effect of purchase price payable, debt and transactions in foreign currency, and additions and allowances pursuant to the Danish tax prepayment scheme etc.

The item also contains fair value adjustments of other investments.

Borrowing costs are amortised over the term of the loan.

Tax on profit/loss for the year
North Media A/S participates in a joint taxation arrangement. The current Danish income tax is allocated among the jointly taxed Danish companies in proportion to their taxable income (full allocation with refunds for losses). The jointly taxed companies are covered by the tax prepayment scheme.

Tax for the year, which consists of current tax and changes in the computed deferred tax, is recognised in the income statement by the portion that relates to the net profit or loss for the year and directly in the statement of comprehensive income by the portion that relates to other comprehensive income.

Balance sheet

Goodwill
Initially, goodwill is recognised in the balance sheet at cost as described under 'Business combinations'. Subsequent measurements are at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the time of acquisition. The definition of cash-generating units follows the management structure and the internal financial management policy.

The carrying amount of goodwill is tested for impairment if there are any indications of impairment, but at least on a yearly basis. The impairment test is carried out for all operating assets taken together in the cash-generating unit to which goodwill is allocated. Goodwill is written down to the lower of the carrying amount and the recoverable amount of the cash-generating unit to which goodwill relates. Goodwill impairment is presented in the income statement under "Special items".

Development projects, software
Development costs comprise costs and salaries that are directly attributable to the Group's development activities, primarily development of software for the Group's online activities.

Development projects that are clearly defined and identifiable and in respect of which the technical rate of utilisation, sufficient resources and a potential future market or development potential in the enterprise can be demonstrated and where the intention is to produce, market or use the project, are recognised as intangible assets provided that cost can be determined reliably and it is sufficiently certain that future earnings will be adequate to cover the production, sales and administrative expenses and actual development costs. Other development costs are expensed in the income statement as incurred.

Capitalised development projects are measured at cost net of accumulated amortisation and impairment losses.

After completion of the development work, a development project is amortised on a straight-line basis over its estimated useful life. The period of amortisation for software is usually 3-5 years.

Other intangible assets
Other intangible assets include distribution rights, trademarks and customer relations taken over in connection with acquisitions. For some of these assets, the Group cannot forecast a limit in the period in which the assets are expected to generate future economic benefits to the Group. In these cases, the lives of the assets are therefore deemed indefinite, for which reason they are not amortised. Other intangible assets the lives of which are deemed definite are amortised over their expected useful lives.

Other intangible assets are amortised on a straight line basis over their estimated useful lives of 1-10 years. The basis of amortisation is reduced by any impairment losses. Any impairment loss on other intangible assets is included in the item "Special items" in the income statement.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes cost and expenses directly related to the acquisition until the asset is ready for use. Where parts of an item of property, plant and equipment have different useful lives, they are depreciated as separate items of property, plant and equipment.

The cost of properties includes the cash cost of acquisition for land and buildings and the aggregate building and/or refurbishment expenses.

The assets are depreciated on a straight-line basis over the expected useful lives based on the following assessment of the expected useful lives of the assets:

Leasehold improvements	5 years
Owner-occupied property	50 years
Mixed land, property and buildings	20-35 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years
Investment property	35 years

Land is not depreciated.

Depreciation is expensed in the income statement under "Amortisation and depreciation".

The basis of depreciation is calculated allowing for the asset's scrap value and is reduced by any impairment losses. The scrap value is fixed at the time of acquisition and is reconsidered every year. If the scrap value exceeds the asset's carrying amount, no further depreciation will be made.

If the period of depreciation or the scrap value is changed, the impact on depreciation will be recognised prospectively as a change of accounting estimates.

Investments in associates
Investments in associates are measured according to the equity method.

The purchase method is used with respect to acquiring investments in associates; see the description of business combinations.

Investments in associates are measured in the balance sheet at the proportionate share of the equity value of the associates less or plus a proportionate share of unrealised intra-group profits and losses plus the carrying amount of goodwill.

Any receivables from associates are written down to the extent that the receivable is found to be irrecoverable.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

The cost of goods for resale, raw materials and consumables consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct and indirect labour costs as well as production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, which will in most cases be equivalent to nominal value net of impairment losses.

Prepayments
Prepayments include expenses related to subsequent reporting periods.

Securities
The Group's surplus liquidity is invested in shares partly for the purpose of reducing credit risk towards banks, and partly for the purpose of ensuring a reasonable return on its surplus liquidity, which is considered an important strategic strength. Investing in shares fall naturally within the Group's objects clause. Shares, which are regularly monitored, are measured and reported at fair value in accordance with the Group's policy for investments, recognised on the trading date at fair value in current assets and subsequently measured at fair value. Fair value changes are recognised on a continuing basis in the income statement in the line "Return on securities".

Other investments
Other investments include investments in other enterprises as part of the Group's business operations, and which are not classified as subsidiaries or associates. Other investments are presented as non-current assets and measured and reported at fair value. Fair value changes are recognised on a continuing basis in the income statement as financial income or financial expenses.

Impairment of assets
North Media tests goodwill for impairment if there are indications of impairment, but at least on a yearly basis. Any impairment loss is recognised in the income statement under "Special items".

Intangible assets with an indefinable useful life are tested for impairment if there are indications of impairment. The test is carried out on at least a yearly basis, the first time before the end of the year of acquisition. Development projects in progress are also tested for impairment on at least a yearly basis.

The carrying amount of intangible assets and property, plant and equipment with definite useful lives is reviewed on an annual basis to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of the asset's fair value less expected selling costs and its value in use.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the assumptions and estimates that led to recognition of the impairment loss. An impairment loss is reversed only to the extent that the asset's new carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Equity

Dividend

Proposed dividend is recognised as a liability when a resolution approving the dividend has been adopted by the Annual General Meeting of shareholders (the time of declaration).

Treasury shares

Cost and selling prices related to treasury shares are recognised in a separate account under equity. A capital reduction through cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the investment. Dividend related to treasury shares is taken to the retained earnings account.

Income taxes and deferred taxes

Current tax payable and current tax receivable are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on previous years' taxable income and for prepaid tax.

Deferred tax is measured according to the balance-sheet liability method on all temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, no deferred tax is recognised on temporary differences relating to goodwill not deductible for tax purposes, office properties, or other items where temporary differences – except in the case of acquisitions of companies – have arisen at the time of acquisition and affect neither the net profit for the year nor the taxable income. In those cases where the calculation of the tax base can be made under alternative taxation rules, deferred tax is measured on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised under other non-current assets at the values at which they are expected to be realised, either by elimination against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is adjusted for eliminations of unrealised intra-group gains and losses.

The Company is jointly taxed with all foreign subsidiaries. Deferred tax relating to retaxation of deducted losses in foreign subsidiaries is recognised based on a specific assessment of the purpose of each subsidiary.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force at the balance sheet date would be applicable in the respective countries when the deferred tax liability is expected to crystallise as current tax. Changes in deferred tax as a result of changed tax rates are recognised in the income statement.

Financial liabilities

Debt to credit institutions etc. is recognised at the time of borrowing at the proceeds received after deduction of transaction costs incurred.

In subsequent periods, the financial liabilities are measured at amortised cost using "the effective interest method" so that the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the loan term.

Other financial liabilities are measured at amortised cost except for the Group's interest rate swap and forward exchange contract, which are measured at fair value.

Contractual obligations

Contractual obligations comprise prepayments by customers and prepaid subscription fees etc, income from which is recognised in a subsequent period.

Fair value hierarchy

Financial instruments measured at fair value in the balance sheet are classified using the following fair value hierarchy:

- Listed prices in active markets of identical assets or liabilities (Level 1).
- Listed prices in active markets of similar assets or liabilities, or other valuation methods where all material input is based on observable market data (Level 2).
- Valuation methods under which any material input is not based on observable market data (Level 3).

Cash flow statement

The cash flow statement shows the consolidated cash flows for the year, broken down by cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the cash and cash equivalents at the beginning and end of the year. The cash flow statement is presented by the indirect method.

Cash flows from enterprises acquired are recognised from the date of acquisition.

Cash flows from operating activities
Cash flows from operating activities are calculated as the profit or loss before tax, adjusted for non-cash operating items, working capital changes, interest received and paid and income taxes paid.

Cash flows from investing activities
Cash flows from investing activities include payments in connection with purchases and sales of enterprises and activities, purchases and sales of intangible assets, property, plant and equipment, and other non-current assets, and purchases and sales of securities not recognised as cash and cash equivalents.

Cash flows from financing activities
Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs, as well as the raising of loans, repayments on interest-bearing debt, purchases and sales of treasury shares, and payment of dividend to shareholders.

Cash and cash equivalents
Cash and cash equivalents include cash balances which are an integrated part of the Company's financial resources.

Segment information

The Group has the following four business segments:

- FK Distribution, which consists of the distribution activities of FK Distribution and Tryksagsomdelingen Fyn.
- North Media Aviser, which consists of eight local newspapers in the capital area, Helsingør Dagblad and Lokalavisen Nordsjælland.
- North Media Online, which consists of Ofir.dk, MatchWork.com, BoligPortal.dk and BostadsPortal.se.
- BEKEY, which consists of the Group's electronic key system.

Segment income and expenses as well as segment assets and liabilities comprise the items that are directly attributable to the individual segment and the items that can be allocated to the individual segment on a reliable basis. Unallocated items mainly comprise assets and liabilities as well as income and expenses relating to the Group's administrative functions, investment activities, income taxes, etc. Unallocated items also include the Group's owner-occupied and investment property and the financing thereof.

Non-current assets in the segments include non-current assets used directly in the segment's operations, including intangible assets and property, plant and equipment, and investments in associates.

Current assets in the segments comprise current assets used directly in the segment's operations, including trade receivables, other receivables and prepayments.

Segment liabilities comprise liabilities derived from the segments' operations, including trade payables as well as other payables.

Segment information is determined based on the Group's accounting policies.

3 Ratio definitions

Gross margin	=	Gross profit x 100 / Revenue
Operating profit before depreciation and amortisations	=	EBITDA (EBIT + depreciation and amortisation)
EBITDA before special items	=	EBITDA + Special items, net
EBITA	=	EBIT + amortisation
EBIT before special items	=	EBIT + Special items, net
Operating profit	=	EBIT
Profit margin	=	EBIT before special items x 100 / Revenue
Equity ratio	=	Equity at the end of the period incl. minority interests x 100 / Total assets
Return on equity (ROE)	=	Profit after tax x 100 / Average equity incl. minority interests
Net interest-bearing debt/cash position	=	Interest-bearing debt (incl. acquisition price payable) less interest-bearing assets and cash
Net working capital (NWC)	=	Non-interest-bearing receivables less current liabilities excl. non-interest-bearing debt
Capital employed	=	Equity and minority interests plus net interest-bearing debt
Return on capital employed before special items	=	EBITA + before special items x 100 / Average capital employed incl. goodwill
Free cash flow before special items and tax (CFFO)	=	EBITDA adjusted for changes in operational balance sheet items excl. tax and minus investments
Earnings per share (EPS)	=	Parent's share of net profit/loss for the year / Average number of shares in circulation
Diluted earnings per share (EPS-D)	=	Parent's share of net profit/loss for the year / Average numbers of diluted shares in circulation
Price/Earnings (P/E)	=	Share price / EPS
Price to book value (P/BV)	=	No of shares, 31 December x market price / Parent's share of equity
Cash flows per share (CFPS)	=	Cash flow from operating activities / Average number of diluted shares

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated in accordance with IAS 33.

Ratios have been prepared in accordance with the Danish Finance Society's online version of "Recommendations & Key Ratios" with the following exceptions:

- Invested capital is calculated inclusive of goodwill, see above
- Return on Invested Capital (ROIC) is calculated before special items
- Free cash flow has been calculated before special items and tax as the amount of prepaid tax may otherwise affect the ratio randomly
- Ratios which include equity, are all calculated inclusive of minority interests as both the profit or loss and balance sheet figures include the minority interests

4 Significant accounting estimates and judgements

Determining the carrying amount of certain assets and liabilities requires an estimate of how future events will affect the value of those assets and liabilities at the balance sheet date. Estimates that are significant to the financial reporting are made, for example, by evaluating future cash flows.

The estimates used are based on assumptions found reasonable by North Media, but which are inherently uncertain and unpredictable as unexpected incidents or circumstances may arise. Furthermore, the Company is exposed to risks and uncertainties that may cause actual results to vary from those estimates. Risks related to North Media A/S are specified in the paragraph describing risks and risk management on pages 45-47.

Assumptions about the future and other estimation uncertainties at the balance sheet date are disclosed in the specific notes if they involve a material risk of changes that may lead to considerable adjustment of the carrying amounts of assets or liabilities within the next financial year.

North Media considers the following estimates and judgements and the relevant accounting policies material to the preparation of the consolidated financial statements:

Intangible assets and impairment test
The Group conducts an impairment test if indications of impairment arise. However, goodwill and intangible assets having indefinite useful lives are tested at least once a year. Management estimates the value in use as a reflection of the recoverable amount, which is calculated by discounting the expected future cash flows that are estimated based on Management's estimates in this respect and Management's estimates of the discount factor and growth rates.

Significant estimates
Management makes estimates in classifying income and expenses as special items with respect to the assessment of whether income and expenses are subject to the Group's accounting policies for special items, as stated on page 62.

Valuation of other investments
Other investments are determined at fair value in the financial statements. The companies that North Media has invested in are characterised by being small companies with a small group of owners where only infrequent trading of the shares takes place. They are also online development companies for which it can be difficult to determine the potential of future earnings precisely. The fair value of the investments is based on an assessment of whether the companies will realise their financial and operating KPIs, including whether the expected progress takes place and whether particular circumstances exist that may also affect the valuation.

In 2018, other investments were subjected to a fair value adjustment by a negative DKK 5.0 million, which relates to the investment in Lix Technologies. Additional capital needs to be contributed to the company in H1 2019. North Media Online and another investor, who between them hold close on 40% of the company, have indicated their willingness to contribute subordinate loan capital equivalent to their equity interest. The current management is responsible for having the necessary capital added. The write-down has been made to reflect the uncertainty inherently related to sufficient capital being added to the company. If such capital is raised, the equity interest will be revalued or written down based on the valuation underlying the contribution of capital (2017: The equity interests were revalued by DKK 4.4 million in connection with external contribution of capital). Revaluations and write-downs are disclosed under financial income or expenses in the line item "Fair value adjustment of other investments", see Note 12.

5 Segment information

DKKm	FK Distribution 2018	FK Distribution 2017	North Media Aviser 2018	North Media Aviser 2017	North Media Online 2018	North Media Online 2017	BEKEY 2018	BEKEY 2017	Unallocated costs/ elimi.*) 2018	Unallocated costs/ elimi.*) 2017	Total 2018	Total 2017
Revenue	**945.0**	**686.5**	**106.9**	**124.8**	**81.2**	**85.3**	**26.8**	**21.6**	**-15.0**	**-18.8**	**1,144.9**	**899.4**
Internal revenue	-11.6	-16.0	-0.2	0.0	-0.1	-0.3	-3.1	-2.5	15.0	18.8	0.0	0.0
Gross profit	**390.6**	**235.4**	**73.2**	**85.5**	**78.3**	**79.0**	**17.9**	**12.6**	**-7.5**	**-2.7**	**552.5**	**409.8**
EBITDA	153.6	48.4	-6.0	-2.2	-2.7	-12.0	-10.1	-16.3	2.4	10.5	137.2	28.4
Amortisation and depreciation	14.9	11.7	2.7	6.7	1.4	1.3	0.1	0.3	8.4	8.5	27.5	28.5
EBIT, before special items	**138.7**	**36.7**	**-8.7**	**-8.9**	**-4.1**	**-13.3**	**-10.2**	**-16.6**	**-6.0**	**2.0**	**109.7**	**-0.1**
Special items, net	-4.2	0.0	-10.5	-8.7	0.0	8.3	-1.0	0.0	0.0	0.0	-15.7	-0.4
Impairment losses, included in special items	0.0	0.0	0.0	0.0	0.0	3.6	0.0	0.0	0.0	0.0	0.0	3.6
EBIT	**134.5**	**36.7**	**-19.2**	**-17.6**	**-4.1**	**-5.0**	**-11.2**	**-16.6**	**-6.0**	**2.0**	**94.0**	**-0.5**
Share of profit/loss in associates	0.0	0.0	0.0	0.0	0.9	-2.4	0.0	0.0	0.0	0.0	0.9	-2.4
Return on securities	-	-	-	-	-	-	-	-	5.2	34.7	5.2	34.7
Net financials	-	-	-	-	-	-	-	-	-27.0	-3.2	-27.0	-3.2
Profit/loss before tax	134.5	36.7	-19.2	-17.6	-3.2	-7.4	-11.2	-16.6	-27.8	33.5	73.1	28.6
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**55.8**	**28.0**
Minority interests' share of net profit/loss	-	-	-	-	-	-	-	-	-	-	-0.6	-0.6
Shareholders' share of net profit/loss	-	-	-	-	-	-	-	-	-	-	56.4	28.6

Geographical information
North Media A/S mainly operates in the Danish market, and more than 97% (2017: 97%) of the consolidated revenue is invoiced in DKK to Danish customers. No single customer accounts for more than 10% of the Group's total revenue.

No significant foreign assets or liabilities are recognised in the balance sheet, either in 2018 or 2017. Non-current assets outside Denmark represent less than DKK 1 million (2017: less than DKK 1 million).

* Internal revenue has been eliminated in other operating expenses. Other items relate to unallocated costs as well as assets and liabilities.

5 Segment information, continued

DKKm	FK Distribution 2018	FK Distribution 2017	North Media Aviser 2018	North Media Aviser 2017	North Media Online 2018	North Media Online 2017	BEKEY 2018	BEKEY 2017	Unallocated costs/ elimi.*) 2018	Unallocated costs/ elimi.*) 2017	Total 2018	Total 2017
Non-current assets	92.5	96.8	3.2	5.3	46.4	50.4	0.1	0.4	253.3	250.1	395.5	403.0
Current assets, excl cash and cash equivalents	72.6	64.9	14.7	18.5	5.5	4.3	8.0	8.8	1.9	4.1	102.7	100.6
Segment assets	**165.1**	**161.7**	**17.9**	**23.8**	**51.9**	**54.7**	**8.1**	**9.2**	**255.2**	**254.2**	**498.2**	**503.6**
Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	256.5	240.8	256.5	240.8
Cash and cash equivalents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	70.7	40.3	70.7	40.3
Goodwill	19.6	19.6	0.0	0.0	19.5	19.5	0.0	0.0	0.0	0.0	39.1	39.1
Intangible assets with an indefinite life	2.9	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.9	2.9
Non-current liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	131.3	135.9	131.3	135.9
Current liabilities	92.6	80.6	20.3	32.1	14.8	14.7	6.9	4.4	20.8	19.3	155.4	151.1
Segment liabilities	**92.6**	**80.6**	**20.3**	**32.1**	**14.8**	**14.7**	**6.9**	**4.4**	**152.1**	**155.2**	**286.7**	**287.0**
Investments in associates	0.0	0.0	0.0	0.0	12.5	10.2	0.0	0.0	0.0	0.0	12.5	10.2
Additions, intangible assets, property, plant and equipment	11.3	32.0	1.4	0.1	0.0	0.2	0.0	0.0	13.4	0.1	26.1	32.4
Cash flows from operating activities	124.0	53.3	-13.0	7.1	-8.6	-23.3	-5.4	-11.8	7.7	-2.3	104.7	23.0
Cash flows from investing activities	-11.3	-31.5	-8.2	-8.8	-1.5	-5.6	0.1	0.3	-23.2	7.4	-44.1	-38.2
Cash flows from financing activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-30.2	-1.0	-30.2	-1.0
Average number of employees	351	307	94	106	*90	*106	24	25	16	16	575	560
Gross margin	41.3%	34.3%	68.5%	68.5%	96.4%	92.6%	66.8%	58.3%	-	-	48.3%	45.6%
EBITDA margin	16.3%	7.1%	-5.6%	-1.8%	-3.3%	-14.1%	-37.7%	-75.5%	-	-	12.0%	3.2%
Profit margin (EBIT)	14.7%	5.3%	-8.1%	-7.1%	-5.0%	-15.6%	-38.1%	-76.9%	-	-	9.6%	0.0%

*) In the online segment 10 employee are included in 2018 (2017: 15) from Mesto.

6 Employees and staff costs

	2018 Number	2017 Number
Average number of employees	575	560
In addition, approximately 10,000 part-time employees are working in distribution.		

Total salaries and remuneration for the year	**2018 DKKm**	**2017 DKKm**
Wages and salaries, including holiday pay	486.0	428.0
Defined contribution plans	19.4	18.8
Other social security costs	4.8	3.2
Remuneration of the Parent's Board of Directors	2.4	1.4
Share-based payment	0.8	0.3
Other staff costs	33.0	26.1
Total staff costs	**546.4**	**477.8**

Total staff costs are included in the following items of the statement of comprehensive income:		
Direct staff costs	261.1	209.8
Staff costs	269.6	261.6
Special items	15.7	6.4
Total staff costs	**546.4**	**477.8**

Remuneration of the Board of Directors, Executive Board and other managerial staff

	Board of Directors of Parent Company	The Parent Executive Board	Other managerial staff	Total
2018 DKKm				
Wages, salaries and bonus	2.4	13.7	10.4	26.5
Pension (defined contribution plans)	0.0	0.8	0.4	1.2
Share-based payment	0.1	0.3	0.2	0.6
Severance pay	0.0	5.2	1.1	6.3
Remuneration of the Board of Directors, Executive Board and other managerial staff	**2.5**	**20.0**	**12.1**	**34.6**
Number of members (average)	5	5	5	15
2017 DKKm				
Wages, salaries and bonus	1.4	12.8	8.2	22.4
Pension (defined contribution plans)	0.0	0.7	0.5	1.2
Share-based payment	0.0	0.1	0.1	0.2
Remuneration of the Board of Directors, Executive Board and other managerial staff	1.4	13.6	8.8	23.8
Number of members (average)	4	5	5	14

In 2018, the Board of Directors consisted of five members, compared to four members in 2017. The Executive Board consisted of five members in 2018, the same as in 2017. Please refer to page 36.

7 Share-based payment

Options granted for acquisition of shares in North Media A/S
No share options were granted in 2017. The share option programme established in 2012 expired in 2018. In the financial year 2018, 105,000 options (2017: 280,000 options) were exercised and settled out of the Group's portfolio of treasury shares, see this Note and Note 23.

In August 2018, new share options was granted to a group of 20 persons, consisting of the Company's Executive Board, three members of the Board of Directors and selected executives. Richard Bunck and Ulrik Holsted-Sandgreen did not receive any share options.

The 2018 share option programme comprises a total of 945,000 share options, of which 148,000 have been granted to the Board of Directors and 318,000 to the Executive Board. In addition, another approximately 100,000 options have been earmarked for other executives who might later join the share option programme. The share options were granted in three tranches:

- Tranche 1 consisting of 248,000 options vest up until the publication of the financial statements for 2020. Tranche 1 options may be exercised during the period of one week after the date of termination of the vesting period and until four weeks after the date of the Company's publication of the financial statements for 2021.
- Tranche 2 consisting of 307,000 options vest up until the publication of the financial statements for 2021. Tranche 2 options may be exercised during the period of one week after the date of termination of the vesting period and until four weeks after the date of the Company's publication of the financial statements for 2022.
- Tranche 3 consisting of 390,000 options vest up until the publication of the financial statements for 2022. Tranche 3 options may be exercised during the period of one week after the date of termination of the vesting period and until four weeks after the date of the Company's publication of the financial statements for 2023.

During the exercise period, the options may only be exercised in the windows applicable at the exercise date pursuant to the internal rules laid down by the Company and in accordance with the rules of Nasdaq OMX and the Danish Capital Markets Act.

Each share option entitles the holder to acquire one existing share in North Media A/S denominated at DKK 5.00 at a price corresponding to the average closing price of the Company's shares in the period 17 August 2018 to 23 August 2018, both days included. On this basis, the exercise price was calculated at DKK 36.3 per share.

Share options are granted in accordance with the overall guidelines for incentive programmes that were adopted at the Annual General Meeting held by North Media A/S on 4 April 2008.

The share options may only be settled by way of shares. In previous years, North Media A/S has acquired a total of 1,100,000 treasury shares. These shares are earmarked for settlement of the options granted.

The options granted equal 4.70% of the share capital. The theoretical market value (as assessed using the Black-Scholes model) of the share options granted was DKK 8.1 million at the grant date.

The following assumptions were used to calculate the fair value of the options:

Option	First exercise date	Last exercise date	Lives of options	Risk free interest	Expected volatility	NPV of dividend	Option value
Tranche 1	Feb-2021	Mar-2022	2.5 yr	-0.52 %	45.2 %	3 kr.	8.08
Tranche 2	Feb-2022	Mar-2023	3.5 yr	-0.40 %	46.1 %	5 kr.	8.75
Tranche 3	Feb-2023	Mar-2024	4.5 yr	-0.27 %	45.2 %	7 kr.	8.71

The expected volatility was calculated based on the historic volatility of the share price of North Media A/S's and a peer groups shares with a performance history corresponding to the term of the individual option. Expectations are that the options will be exercised after the first exercise opportunity.

At the balance sheet date, total options corresponding to 945,000 shares remain outstanding, equalling 4.7% of the share capital.

In 2018, DKK 0.8 million (2017: DKK 0.3 million) was expensed under staff costs in respect of the share option programmes, originating from equity-settled share option plans in North Media A/S. The expenses charged for the year are based on an estimated weighted term of 3.5 years until the options are exercised.

Development in outstanding share options can be specified as follows:

	Number of options	
	2018	2017
	Number	Number
Outstanding share options, 1 January	150,000	875,000
Changes in the 2012 share option programme	0	-50,000
Exercised in the financial year	-105,000	-280,000
Expired in the financial year	-45,000	-395,000
Options granted in August 2018	945,000	0
Outstanding share options, 31 December	**945,000**	**150,000**
Number of share options which can be exercised at the balance sheet date	**0**	**150,000**
Share options programme, total	**945,000**	**1,485,000**

Options forfeited at the termination of an employee's employment may be granted to other employees on the same terms and conditions. In addition to the 945,000 options granted, another around 100,000 options have been earmarked for other executives or employees who might later join the share option programme.

The Executive Board's and other staff's share of issued options

	Time of earliest exercise	Number of options granted	Number of employees who have been granted options	Number exercised/expired	Number of unexercised at 31.12.2018	Exercise price	Accumulated costs recognised (DKKm)
Board of Directors							
Granted 2018, tranche 1	2021	40,000	3	0	40,000	36.3	0.0
Granted 2018, tranche 2	2022	48,000	3	0	48,000	36.3	0.0
Granted 2018, tranche 3	2023	60,000	3	0	60,000	36.3	0.0
Executive Board							
Granted 2018, tranche 1	2021	84,000	5	0	84,000	36.3	0.1
Granted 2018, tranche 2	2022	104,000	5	0	104,000	36.3	0.1
Granted 2018, tranche 3	2023	130,000	5	0	130,000	36.3	0.1
Other managerial staff							
Granted 2018, tranche 1	2021	48,000	4	0	48,000	36.3	0.1
Granted 2018, tranche 2	2022	60,000	4	0	60,000	36.3	0.1
Granted 2018, tranche 3	2023	80,000	4	0	80,000	36.3	0.1
Other staff							
Granted 2018, tranche 1	2021	76,000	8	0	76,000	36.3	0.1
Granted 2018, tranche 2	2022	95,000	8	0	95,000	36.3	0.1
Granted 2018, tranche 3	2023	120,000	8	0	120,000	36.3	0.1

The share option programme was established to ensure performance-oriented and value-adding commitment. Also, the aim of the programme is to develop long-term loyalty and to constitute a competitive remuneration to employees under this programme.

The fair value of the non-exercised share option programme is DKK 5.7 million at 31 December 2018, calculated under the Black & Scholes model (2017: DKK 2.1 million). The exercise of share options is conditional upon the holder not retiring from their position with the Group prior to the time of exercise.

Options granted for acquisition of shares in BEKEY A/S
Aside from the share option programme in North Media A/S, share options in the subsidiary BEKEY A/S were also granted at 1 July 2012 to two key members of staff. The share options entitled these members to acquire 12% of the total shares in BEKEY A/S at a pre-defined price. The options expired on 30 April 2018 without having been exercised. In 2018, DKK 0.0 million was recognised in the income statement regarding the share options (2017: DKK 0.0 million).

8 Fee to the auditors appointed by the General Meeting

	2018 DKKm	2017 DKKm
Deloitte		
Statutory audit services	1.6	1.8
Other assurance engagements	0.1	0.3
Tax services	0.0	0.0
Other services	0.6	0.3
Total fee to the auditors appointed by the General Meeting	**2.3**	**2.4**

Fee for non-audit services provided by Deloitte Statsautoriseret Revisionspartnerselskab to the Group amount to DKK 0.7 million in 2018 (2017: DKK 0.6m) and include various auditor's reports and other consulting services.

9 Amortisation and depreciation

	2018 DKKm	2017 DKKm
Amortisation intangible assets	4.1	8.3
Depreciation property, plant and equipment	23.3	20.5
Profit/loss from sale/retirement of assets	0.1	-0.3
Total amortisation and depreciation	**27.5**	**28.5**

10 Share of profit/loss of associates

	2018 DKKm	2017 DKKm
Share of profits/losses before tax	1.1	0.9
Share of tax	-0.2	-0.3
Impairment loss	0.0	-3.0
Total share of profit/loss of associates	**0.9**	**-2.4**

The results for 2018 can be attributed to Lead Supply. The results for 2017 contained a share of profit/loss for Lead Supply as well as Mesto.ua prior to the company being recognised as a subsidiary.

11 Return on securities

	2018 DKKm	2017 DKKm
Dividend	5.1	4.3
Net capital gains on shares	0.1	30.4
Total return on securities	**5.2**	**34.7**

12 Net financials

	2018 DKKm	2017 DKKm
Interest income etc	0.1	0.2
Fair value adjustment of other investments	0.0	4.4
Total financial income	**0.1**	**4.6**
Interest expenses etc	6.8	6.7
Exchange losses	0.2	0.8
Debt discount taken to profit or loss on conversion of loan	3.0	0.0
Fair value of interest rate swap regarding redemption	12.1	0.0
Fair value adjustment of other investments	5.0	0.0
Discount effect of the purchase price payable	0.0	0.3
Total financial expenses	**27.1**	**7.8**

Financial income and costs relates to financial liabilities measured at amortised cost, see Note 38.

As part of settling the Group's interest rate swap, its fair value of DKK 12.1 million was recognised in net financials but carried back in other comprehensive income. Furthermore, a debt discount of DKK 3.0 million related to the loan conversion which took place during the year was taken to profit or loss.

The fair value adjustment of other investments is described in more detail in Note 4 "Significant accounting judgements and estimates".

In 2017 financial expenses also included the discount effect of the purchase price payable/future dividend for the acquisition of the remaining 15% of the shares in Lokalaviserne Østerbro og Amager A/S.

13 Special items

	2018 DKKm	2017 DKKm
Termination benefit costs related to organisational change in North Media Aviser	10.5	5.3
Termination benefit cost related to managerial changes in FK Distribution	4.2	0.0
Termination benefit cost related to managerial changes in BEKEY	1.0	0.0
Adjustment of purchase price payable, Lokalaviserne Østerbro og Amager A/S, see Note 26	0.0	3.4
Gain on sale of håndværker.dk	0.0	-6.8
Compensation regarding the Emply case, net	0.0	-5.1
Impairment loss for goodwill related to Mesto	0.0	3.6
Total special items, net	**15.7**	**0.4**

Special items comprise termination benefit costs of North Media Aviser concerning the dismissal of 26 employees in connection with a major restructurings and the abolishment of many positions, for example, because newspaper titles issued for weekends have been closed down.

Furthermore, termination benefit costs have been incurred as part of changes in Management of BEKEY and FK Distribution.

In 2017, the line item included termination benefit costs for North Media Aviser, where 20 employees in total left. The line item also included an adjustment of the acquisition price payable relating to the acquisition of the remaining 15% of the shares in Lokalaviserne Østerbro og Amager A/S.

Profit from the sell-off of håndværker.dk and net compensation arising from the Emply case were recognised as special items. Also, goodwill, which was calculated when Mesto was recognised as a subsidiary when the equity interest was increased from 34.6% to 66%, was written down by DKK 3.6 million to DKK 0 million due to the uncertainty about future earnings. The write-down too has been recognised as a special item.

14 Income tax

	2018 DKKm	2017 DKKm
Tax on profit/loss for the year		
Current tax charges	10.8	3.4
Change in the deferred tax charge	6.5	-2.5
Adjustment of tax concerning prior years	0.0	-0.3
Total tax on profit/loss for the year	**17.3**	**0.6**
Tax on profit/loss for the year		
Computed tax on the profit/loss before tax 22.0% (2017: 22.0%)	16.1	6.3
Tax effect of:		
Used tax loss carry-forward	0.0	1.9
Adjustment of purchase price payable	0.0	0.5
Loss not included in joint taxation	0.4	0.0
Other non-deductible expenses	0.2	0.4
Share-based payment	-0.3	-0.3
Share of profit/loss after tax of associates	-0.2	0.5
Fair value adjustment of other investments	1.1	-0.9
Tax-free gain on sale of company	0.0	-0.8
Non-capitalised tax loss carry-forward	0.0	-8.3
Loss adjustment on disposal of companies	0.0	0.8
Adjustment of prior years' taxes	0.0	-0.3
Impairment loss on goodwill	0.0	0.8
Total tax on profit/loss for the year	**17.3**	**0.6**
Effective tax rate	**23.7%**	**2.1%**

North Media A/S is jointly taxed with Baunegård ApS. Baunegård ApS is the administration company which attends to payment of income tax, including tax prepayment. Income tax payable is settled with the administration company.

15 Earnings per share

	2018 DKKm	2017 DKKm
Net profit/loss for the year - total	55.8	28.0
Minority interests' share of consolidated profit/loss	0.6	0.6
The North Media Group's share of net profit/loss for the year	**56.4**	**28.6**
Average number of shares (in millions)	20.1	20.1
Average number of treasury shares (in millions)	1.1	1.4
Average number of shares in circulation (in millions)	**19.0**	**18.7**
Average dilution effect of outstanding share options	0.0	0.3
Average number of diluted shares in circulation (in millions)	**19.0**	**19.0**
Earnings per share (EPS) - total	3.0	1.5
Diluted earnings per share (EPS-D) - total	3.0	1.5

The calculation of diluted earnings per share includes 28,000 share options (2017: included 150,000) that have been (have not been) in-the-money but which may potentially dilute future earnings per share. The previous share option programme expired in March 2018. The new share options granted in August 2018 are described in more detail in Note 7 and have not been in-the-money since granted.

16 Dividend per share

The Board of Directors recommends to the Annual General Meeting to be held on 29 March 2019 that dividend of DKK 3.00 per share in the nominal amount of DKK 5 each be paid for the financial year 2018. This is equivalent to a total distributed amount of DKK 60.2 million (2017: DKK 1.50 per share and DKK 30.1 millions).

17 Intangible assets and property, plant and equipment

Assets with an indefinite life
Assets with an indefinite life are not amortised, but are instead subject to an annual impairment test. Goodwill is by definition an asset with an indefinite life.

Other intangible assets comprise distribution rights and trademarks acquired in connection with acquisitions. For some of these assets, the Group cannot foresee a limit to the period over which the assets may be expected to generate future economic benefits for the Group. In these cases, the lives of the assets are therefore deemed indefinite, for which reason they are not amortised. Other intangible assets the lives of which are deemed limited are subjected to amortisation.

The Group's total goodwill of DKK 39.1 million includes DKK 19.6 million attributable to FK Distribution and DKK 19.5 million attributable to BoligPortal. Indefinite life intangible assets, aside from goodwill, total DKK 2.9 million and relate to FK Distribution.

Impairment test
When preparing the financial statements, goodwill and intangible assets were tested for impairment for the following "Cash Generating Units" (CGU) holding intangible assets:

- FK Distribution
- BoligPortal

The recoverable amount for the individual cash-generating units to which goodwill and other intangible assets have been allocated is stated based on computations of the units' value in use. There has been no indication of impairment in this respect.

In 2017, goodwill of DKK 3.6 million arising from the recognition of Mesto.ua as a subsidiary was written down for impairment. The impairment loss was recognised in special items in the income statement.

FK Distribution
For FK Distribution, the impairment test shows a value in use considerably exceeding the value of its non-current assets and working capital, as a result of which there has been no reason to write down intangible assets related to this CGU.

As expected, FK Distribution's EBITDA has been surging in 2018 and amounts to close on DKK 150 million. Outlook for 2019 is evident from the guidance. In the context of the value of goodwill and intangible assets only totalling DKK 22.5 million, no impairment risk is deemed to exist as long as FK Distribution's fundamental business can be upheld.

This expectation is mainly based on 2019 and the years ahead succeeding in sustaining reasonable earnings. It is also expected that FK Distribution will develop new online activities to compensate in whole or in part for a generally declining printed matter market. The investment requirement has been low in 2018, and it is expected to remain low in 2019 and onwards. Should the foundation of FK Distribution's business cease to exist, intangible assets in the total amount of DKK 22.5 million would have to be written down.

BoligPortal
BoligPortal is Denmark's largest housing advertising portal, whose positive earnings have gone up throughout the years. Earnings of BoligPortal are expected to continue to develop positively, and there has been no indication of impairment of goodwill or other intangible assets related to this site. Reduced earnings of even 20% would not affect the indication of impairment. For as long as BoligPortal remains market leader, no write-down of goodwill or other intangible assets is estimated to be necessary.

Assumptions underlying impairment models
The impairment model for FK Distribution and BoligPortal builds on the 2019 budget which is projected four years based on estimates of future developments in these two CGUs.

For the subsequent terminal period, a growth factor of a negative 4% was used in 2018 (2017: a negative 4%) for FK Distribution. This decline is smaller than the market decline expected for the distribution market, and is attributable to the Group's products being expected to fare better than the general print ad market.

For CGUs in North Media Online, a growth factor of 2% is used in the terminal period (2017: 2%). The tax rate used in both models is 22.0% (2017: 22.0%).

The impairment test was performed for each CGU by comparing the carrying amount of intangible assets and property, plant and equipment and net working capital with the discounted values of future cash flows. As part of the impairment test, different discount rates are used, see below:

Discount rate	Other segments	North Media Online
2018 after tax	8.2%	10.7%
2018 before tax	10.5%	13.7%
2017 after tax	8.2%	10.7%
2017 before tax	10.5%	13.8%

The discount rate is composed of a debt element and an equity element. For North Media Online only an equity element, however, as assessments are that it would be difficult to obtain debt financing for the online business. The equity element has been determined on the basis of a risk-free interest rate plus a market risk premium weighted by an expected equity element. Similarly, the debt element is based on the interest rate on loan capital weighted by an expected debt element.

The impairment model is not sensitive to any increase of the discount rate. If the discount rate is raised by 3%, this would not lead to any increase in impairment loss.

17 Intangible assets and property, plant and equipment

DKKm	Goodwill	Other intangi-ble assets	Software	Intangible assets total	Land and buildings	Investment property	Plant and ma-chinery	Fixtures and fittings	PPE total
Cost at 1 January 2017	130.4	109.2	97.8	337.4	436.5	0.0	178.7	110.6	725.8
Additions for the year	3.6	9.0	0.0	12.6	0.6	0.0	27.0	4.8	32.4
Disposals for the year	25.1	7.8	2.0	34.9	0.0	0.0	0.0	7.5	7.5
Cost at 31 December 2017	**108.9**	**110.4**	**95.8**	**315.1**	**437.1**	**0.0**	**205.7**	**107.9**	**750.7**
Depreciation and impairment losses at 1 January 2017	91.3	94.4	96.9	282.6	169.9	0.0	144.0	101.0	414.9
Depreciation for the year	0.0	7.7	0.6	8.3	8.3	0.0	8.6	3.6	20.5
Impairment loss for the year	3.6	0.0	0.0	3.6	0.0	0.0	0.0	0.0	0.0
Disposals for the year	25.1	7.8	2.0	34.9	0.0	0.0	0.0	6.7	6.7
Depreciation and impairment losses at 31 December 2017	**69.8**	**94.3**	**95.5**	**259.6**	**178.2**	**0.0**	**152.6**	**97.9**	**428.7**
Carrying amount at 31 December 2017	**39.1**	**16.1**	**0.3**	**55.5**	**258.9**	**0.0**	**53.1**	**10.0**	**322.0**
Cost at 1 January 2018	108.9	110.4	95.8	315.1	437.1	0.0	205.7	107.9	750.7
Reclassification	0.0	0.0	0.0	0.0	-62.5	62.5	0.0	0.0	0.0
Additions for the year	0.0	0.0	1.6	1.6	3.3	10.0	10.2	1.0	24.5
Disposals for the year	0.0	0.0	12.9	12.9	2.3	0.0	0.2	21.2	23.7
Cost at 31 December 2018	**108.9**	**110.4**	**84.5**	**303.8**	**375.6**	**72.5**	**215.7**	**87.7**	**751.5**
Depreciation and impairment losses at 1 January 2018	69.8	94.3	95.5	259.6	178.2	0.0	152.6	97.9	428.7
Reclassification	0.0	0.0	0.0	0.0	-55.8	55.8	0.0	0.0	0.0
Depreciation for the year	0.0	3.7	0.4	4.1	8.2	0.1	12.0	3.0	23.3
Disposals for the year	0.0	0.0	12.9	12.9	2.2	0.0	0.1	20.6	22.9
Depreciation and impairment losses at 31 December 2018	**69.8**	**98.0**	**83.0**	**250.8**	**128.4**	**55.9**	**164.5**	**80.3**	**429.1**
Carrying amount at 31 December 2018	**39.1**	**12.4**	**1.5**	**53.0**	**247.2**	**16.6**	**51.2**	**7.4**	**322.4**
Depreciated over (years)	**-**	**1-10 years**	**3-5 years**		**20-50 years**	**35 years**	**5-10 years**	**3-5 years**	

In 2018, other intangible assets include DKK 2.9 million worth of assets, which are considered to have indefinite lives, for which reason they are not amortised (2017: DKK 2.9 million). Other intangible assets are amortised over a period of one or ten years.

Investment property
As part of Helsingør Dagblad's vacation of the Elsinore property, this property has been reclassified to investment property from 1 July 2018. The property has undergone massive renovation before the Municipality of Elsinore moved in on 1 November 2018. DKK 10 million has been capitalised for this property, whereas approximately DKK 3 million has been taken to profit or loss as maintenance and recognised in the item "Unallocated income/expenses". Some DKK 2 million in renovation costs remains unpaid, which will be paid in 2019, and most of the amount will be capitalised.

The property is recognised and measured at cost less accumulated depreciation and impairment losses. Fair value of the property has been calculated at DKK 16.6 million using a return- based cash flow model based on expected net cash flows, by applying a required rate of return that reflects current market required rates of return for similar properties. An external valuation expert has not been engaged to determine the fair value.

	2018 DKKm	2017 DKKm
Rental income	0.3	0.0
Direct operating expenses of rented areas	-0.3	0.0
Direct operating expenses of non-rented areas	0.0	0.0
Renovation costs	-3.1	0.0
Profit/loss before interest and tax	**-3.1**	**0.0**

18 Subsidiaries

The Group's subsidiaries are evident from the group chart on page 98. There is no difference between equity interest and share of voting rights in any of the Group's companies. Subsidiaries holding minority interests are listed below.

	Registered office	Minority interests 2018	2017
Subsidiaries			
Mesto.ua	Ukraine	-	34.0%

From 1 July 2017 to 30 September 2018, Mesto.ua was recognised as a subsidiary, see Note 39. From 1 October 2018, Mesto.ua is again designated as an associate.

Principal items in subsidiaries holding minority interests

DKKm	2018 Mesto	2017 Mesto
Revenue	0.7	0.3
Net profit/loss for the year	-2.0	-1.7
Comprehensive income	-2.0	-1.7
The Group's share of profit/loss for the year	-2.0	-1.1
Minority interests' share of profit/loss for the year	**-0.6**	**-0.6**
Balance sheet		
Non-current assets	0.0	0.0
Current assets	0.4	1.5
Current liabilities	-0.4	-0.6
The Group's share of equity	0.0	0.6
Minority interests' share of equity	**0.0**	**0.3**
Contingent liabilities	0.0	0.0
Cash flow statement		
Cash flows from operating activities	-1.1	-1.7
Cash flows from investing activities	0.0	0.0
Cash flows from financing activities	0.0	0.0
Increase/decrease in cash and cash equivalents	**-1.1**	**-1.7**
Dividend paid to the Parent	0.0	0.0
Dividend paid to minority interests	0.0	0.0

There has not been any transactions with the subsidiary Mesto.ua, for which reason there are no eliminations etc. either.

Significant restrictions in the Group's access to transacting with its assets
The Group is not subject to restrictions on access to transacting with its assets or repaying its liabilities.

19 Investments in associates

	Registered office	Equity interest 2018	2017
Significant associates			
Lead Supply ApS	Aarhus	50.0%	50.0%

Refer to the group chart on page 98

Value in associates	2018 DKKm	2017 DKKm
Net asset value at 1 January	10.2	13.6
Additions for the year	1.5	0.6
Disposals for the year	0.0	-1.6
Share of profit/loss before tax	1.1	0.9
Share of tax	-0.3	-0.3
Impairment loss	0.0	-3.0
Net asset value at 31 December	**12.5**	**10.2**

In 2018, DKK 1.5 million was contributed to Lead Supply to support its continued growth. DKK 0.6 million was injected in Mesto in 2017 prior to the capital contribution of DKK 3.7 million, entailing that the company was recognised as a subsidiary. Effective from 1 October 2018, Mesto was re-designated an associate after the Group's equity interest was reduced to 49.3%. As an associate, Mesto has been recognised at DKK 0.

Key figures for individual, significant associates

	Lead supply	2018 Total	Lead supply	Insignificant	2017 Total
Equity interest	50.0%	-	50.0%	-	-
		-		-	-
Revenue	69.2	-	60.5	-	-
Profit for the year	1.8	-	2.1	-	-
Comprehensive income	**1.8**	**-**	**2.1**	**-**	**-**
The Group's share of comprehensive income	**0.9**	**0.9**	**1.1**	**-3.5**	**-2.4**
Balance sheet					
Non-current assets	3.5	-	0.0	-	-
Current assets	12.7	-	11.9	-	-
Non-current liabilities	0.0	-	0.0	-	-
Current liabilities	-7.9	-	-7.8	-	-
Net assets (equity)	**8.3**	**-**	**4.1**	**-**	**-**
The Group's share of equity in associates (book value)	**12.5**	**12.5**	**10.2**	**0.0**	**10.2**
Transactions with associates					
Dividend received from associates	0.0	-	0.0	-	-
Capital increases/acquisition of equity interests	1.5	1.5	0.0	0.6	0.6
Investments transferred to subsidiary	0.0	-	0.0	-1.6	-1.6
Contingent liabilities	0.0	-	0.0	-	-

The Group has a non-recognised share of losses in associates (Mesto) of DKK 0.1 million from 2018. No non-recognised losses exist from prior years.

None of the associates are subject to limitations with respect to distribution of cash dividends aside from the general requirements for propriety of dividends under Danish company law.

20 Inventories

	2018 DKKm	2017 DKKm
Manufactured goods and goods for resale	3.9	8.4
Write-down of finished goods	-0.3	-2.9
Total inventories	**3.6**	**5.5**

DKK 0.4 million worth of finished goods exist that are expected to be sold more than 12 months after the balance sheet date. (2017: DKK 1.8m). DKK 7.6 million in cost of sales has been recognised in direct costs (2017: DKK 7.2m).

21 Trade receivables

	2018 DKKm	2017 DKKm
Trade receivables	86.4	86.4
Write-downs	-3.4	-5.5
Trade receivables, net	**83.0**	**80.9**

The "Credit risks" section in Note 37 contains a specification of due receivables and the related impairment loss.

In the financial year under review, interest income totalling DKK 0.0 million was recognised with respect to receivables written down (2017: 0.0 million).

22 Deferred tax

	2018 DKKm	2017 DKKm
Deferred tax at 1 January, net	-1.8	-0.2
Deferred tax included in net profit/loss for the year	6.5	-2.5
Deferred tax from divested company	0.0	0.9
Deferred tax at 31 December, net	**4.7**	**-1.8**

		2018			2017	
DKKm	**Assets**	**Liabilities**	**Total**	**Assets**	**Liabilities**	**Total**
Intangible assets	2.6	6.5	-3.9	3.5	6.4	-2.9
Property, plant and equipment	1.1	1.7	-0.6	2.4	1.2	1.2
Current assets	0.5	0.7	-0.2	0.6	0.9	-0.3
Non-current liabilities	0.0	0.0	0.0	0.0	0.7	-0.7
Tax loss carry-forwards	0.0	0.0	0.0	4.5	0.0	4.5
Total	**4.2**	**8.9**	**-4.7**	**11.0**	**9.2**	**1.8**
Set-off of deferred tax assets and deferred tax liabilities within the same legal tax units and jurisdictions	8.9	8.9	0.0	9.2	9.2	0.0
Deferred tax liabilities at 31 December	**-4.7**	**0.0**	**-4.7**	**1.8**	**0.0**	**1.8**

23 Equity

Share capital	Number in thousands 2018	2017	Nominal value DKK'000 2018	2017
Number of shares at 1 January	20,055	20,055	100,275	100,275
Number of shares at 31 December	**20,055**	**20,055**	**100,275**	**100,275**

The share capital consists of 20,055,000 shares of DKK 5.00 nominal value each, fully paid in. No shares carry special rights.

	2018			2017		
Treasury shares	Number in thousands	Nominal value DKK'000	% of share capital	Number in thousands	Nominal value DKK'000	% of share capital
At 1 January	1,205	6,025	6.0%	1,485	7,425	7.4%
Sold	-105	-525	-0.5%	-280	-1,400	-1.4%
At 31 December	**1,100**	**5,500**	**5.5%**	**1,205**	**6,025**	**6.0%**

North Media A/S is authorised by the company in general meeting to acquire a maximum nominal amount of DKK 15,041,000 of share capital. This authorisation runs until 26 March 2020.

North Media A/S has sold 105,000 treasury shares in the financial year 2018 as part of the exercise of a share option programme (2017: sold 280,000 shares).

The portfolio of treasury shares was acquired with a view to funding share options outstanding relating to the Group's share option programme, see details in Note 7.

Reserve for treasury shares, hedging reserve and reserve for foreign currency translation adjustments
The reserve for treasury shares includes the accumulated purchase price of the Company's portfolio of treasury shares. The reserve is dissolved for the portion of the portfolio of shares that is cancelled or sold.

The hedging reserve includes the accumulated net change in the fair value of hedging transactions which meet the criteria for hedging future cash flows, with the transaction hedged not having been carried out yet.

The reserve for foreign currency translation adjustments includes all exchange adjustments resulting from the translation of financial statements of entities using a functional currency other than DKK as well as exchange adjustments relating to assets and liabilities which represent part of the Group's net investments in such entities.

24 Debt to financial institutions etc.

	2018 DKKm	2017 DKKm
Mortgage debt	131.1	132.1
Carrying amount	**131.1**	**132.1**
Of which, floating rate (CIBOR-6loans)	0.0	72.5
Of which, fixed rate	131.1	59.6
Debt to financial institutions is included under the following items in the balance sheet		
Non-current liabilities	126.6	125.4
Current liabilities	4.5	6.7
Carrying amount	**131.1**	**132.1**
Nominal value	**131.1**	**135.2**
Fair value	**132.2**	**136.4**

The Group's mortgage loans were converted in 2018 from a 3% bond loan and a CIBOR-6 loan with an accompanying interest rate swap to all being cash loans that carry an effective interest rate from 1.62% to 1.92%, excluding contributions. In connection with the loan conversion in 2018, previous debt discounts of DKK 3.0 million were taken to profit or loss and recognised in financial expenses.

In 2017, the debt discounts of DKK 3.1 million related to borrowing had been recognised as part of the mortgage debt and amortised over the remaining time to maturity. Please refer to Note 37 for information on interest rate sensitivity and to Note 38 for information on the calculation of fair value.

25 Fair value, interest rate swap

In 2018, the Group settled the outstanding interest rate swap by a cash payment of DKK 12.1 million. Previously, the interest rate swap had been measured at fair value, and the value adjustment had been disclosed in other comprehensive income, whereas interest payments for the year had been recognised in financial expenses.

In connection with the settlement, the DKK 12.1 million has been recognised in financial expenses but carried back through other comprehensive income. Please refer to Note 12.

26 Purchase price payable

	2018 DKKm	2017 DKKm
Net liability value at 1 January	7.6	9.7
Payments	-7.6	-4.6
Value adjustments	0.0	2.2
Discount effect of the purchase price payable	0.0	0.3
Total purchase price payable	**0.0**	**7.6**
Current portion	0.0	7.6
Total purchase price payable	**0.0**	**7.6**
Specified as follows:		
Purchase price payable, Lokalaviserne Østerbro og Amager A/S, see Note 12	0.0	7.6
Total purchase price payable	**0.0**	**7.6**

27 Contract liabilities

All of the contractual obligation at 1 January 2018 has been recognised in revenue in 2018.

28 Other payables

	2018 DKKm	2017 DKKm
A tax (PAYE) etc payable to public authorities	1.2	1.3
VAT liability	9.6	12.9
Holiday pay obligation	32.7	31.5
Other debt	46.3	36.3
Total other payables	**89.8**	**82.0**

29 Adjustments for non-cash operating items

	2018 DKKm	2017 DKKm
Share of profit/loss in associates	-0.9	2.4
Tax on profit/loss for the year	17.3	0.6
Amortisation and depreciation of assets	27.4	28.8
Gain/loss on disposals of assets	0.1	-0.3
Share-based payment	0.8	0.3
Special items, reversal	15.7	0.4
Special items, cash flow effect	-15.7	5.4
Net financials	27.0	-1.1
Value adjustments, securities	-5.2	-34.7
Total adjustments	**66.5**	**1.8**

30 Changes in working capital

	2018 DKKm	2017 DKKm
Changes in receivables etc	-4.6	7.1
Changes in current liabilities	9.8	-10.6
Changes in working capital	**5.2**	**-3.5**

31 Investments in intangible assets and property, plant and equipment

	2018 DKKm	2017 DKKm
Investment in software	-1.6	0.0
Investment in land and buildings	-13.3	-0.6
Investment in plant and machinery	-10.2	-27.0
Investment in operating equipment, fixtures and fittings	-1.0	-4.8
Total investments	**-26.1**	**-32.4**

32 Development in liabilities

	2018 DKKm	2017 DKKm
Non-current liabilities at 1 January	125.4	131.8
Current liabilities at 1 January	6.7	7.2
Debt discount previously capitalised, recognised in profit or loss	3.0	0.0
Repayment of non-current liabilities	-4.0	-6.9
Liabilities at 31 December	**131.1**	**132.1**
Of this short-term debt	4.5	6.7
Of this long-term debt	126.6	125.4
Liabilities at 31 December	**131.1**	**132.1**

33 Operating leases and rental obligations

	2018 DKKm	2017 DKKm
Operating leases		
Future minimum expenses related to operating leases:		
Due within 1 year	1.5	0.7
Due within 1 and 5 years	2.7	1.4
Total	**4.2**	**2.1**
For operating leases, the following amounts have been recognised in the income statement	**1.2**	**0.6**
Rental obligations		
Future minimum lease payments related to rental obligations:		
Due within 1 year	3.9	4.1
Due within 1 and 5 years	4.1	7.5
Total	**8.0**	**11.6**
For rental obligations, the following amounts have been recognised in the income statement	**4.2**	**2.5**

The implementation of IFRS 16 Leases is expected to increase the Group's balance sheet total by around DKK 20-25 million, primarily from leasehold premises and secondarily from motor vehicles. The Group has only few external leasehold premises. The effect on consolidated EBIT will be small.

34 Contingent liabilities

The Group participates in a Danish joint taxation arrangement in which Baunegård ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Group is therefore liable for income taxes and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The total known joint taxation liability is evident from the financial statements of Baunegård ApS.

35 Security for loans

	2018 DKKm	2017 DKKm
Carrying amount for mortgaged properties provided as security for the Group's mortgage debt	244.6	247.8

36 Related parties

As a majority shareholder in North Media A/S' Parent, Baunegård ApS, Richard Bunck is subject to the disclosure requirements for related parties. During this financial year and last financial year, there were no transactions with Richard Bunck except for the payment of remuneration to the Board of Directors.

Baunegård ApS is wholly owned and controlled by Richard Bunck. This company is an administration company in the joint taxation arrangement with North Media A/S and manages payment/receipt of Danish income tax on behalf of the North Media Group's Danish companies. Baunegård ApS (registered in the Municipality of Fredensborg) prepares the consolidated financial statements, in which North Media A/S and its subsidiaries are included.

Board Member Ulrik Holsted-Sandgreen is attorney-at-law and partner of the law firm of Horten, which provides professional advisory services to the Company. Therefore, Ulrik Holsted-Sandgreen may not be considered independent. In 2018, Horten has invoiced the Group for total fees of DKK 4.7 million (2017: DKK 5,9 million).

In the year under review, no transactions were made with the Board of Directors, Executive Board, managerial staff, significant shareholders or other related parties, except for salaries, remuneration and exercised share options as set out in Notes 6 and 7.

North Media has transactions with associates and subsidiaries in the form of ordinary business activities such as buying and selling services and internal rental agreements.

Transactions with subsidiaries are eliminated in the consolidated financial statements in accordance with the accounting policies.

	2018 DKKm	2017 DKKm
Transactions with associates		
Lead Supply ApS, sale	1.4	0.4
Lead Supply ApS, puchase	0.3	0.0
Total	**1.7**	**0.4**

37 Financial risks

The Group's handling of risks and risk management are described in detail in a separate section in the management commentary. Supplementary information for understanding the Group's financial risks is given below.

Liquidity risk

The Group's cash reserves consist of cash funds in the total amount of DKK 70.7 million (2017: DKK 40.3 million). In addition, the Group has readily negotiable securities of DKK 256.5 million (2017: DKK 240.8 million).

The Group's financial liabilities are due as follows:

2018, DKKm	Carrying amount	Contractual cash flow *	Within 3 months	Within 3-12 months	1-5 years	After 5 years
Financial instruments						
Financial institutions	131.1	173.2	1.9	5.7	30.0	135.6
Trade payables	44.0	44.0	44.0	0.0	0.0	0.0
Other payables	89.8	89.8	57.1	32.7	0.0	0.0
Liabilities at 31 December	**264.9**	**307.0**	**103.0**	**38.4**	**30.0**	**135.6**

2017, DKKm						
Financial instruments						
Financial institutions incl interest rate swap**	145.2	184.0	3.0	9.1	45.8	126.1
Trade payables	43.6	43.6	43.6	0.0	0.0	0.0
Purchase price payable, Note 26	7.6	7.6	7.6	0.0	0.0	0.0
Other payables	82.0	82.0	50.5	31.5	0.0	0.0
Liabilities at 31 December	**278.4**	**317.2**	**104.7**	**40.6**	**45.8**	**126.1**

*) The contractual cash flow for the interest rate swap has been included in figures for financial institutions as, in the Company's view, this provides the truest and fairest view of the total cash flows from the financing activity.

**) Contractual cash flows include known/fixed interest payments

Interest-rate risk

It is group policy to hedge the interest-rate risk of the Group's loans when the Group believes that the interest payments can be secured at a satisfactory level compared with the related costs. Until mid-2018, hedging has taken place through the use of an interest-rate swap. In August, the Group's loans were converted into new 20-year and 30-year cash loans carrying a fixed interest rate of 1.5%. The Group's mortgage loans can be stated as follows:

	2018 DKKm	2017 DKKm
1.5%, 20-year annuity loan maturing on 30 September 2038, cash loan	65.9	0.0
1.5%, 30-year annuity loan maturing on 30 September 2048, cash loan	65.2	0.0
Mortgage loan, settled in 2018	0.0	132.1
Fair value of interest rate swap, settled in 2018	0.0	13.1
Total mortgage debt including interest rate swap	**131.1**	**145.2**

Following the conversion and settlement of the previous interest rate swap, interest expenses are heavily reduced. Interest expenses on the Group's mortgage debt for 2019 are thus expected to amount to DKK 3.1 million, including contributions etc.

Fluctuations in the interest-rate level affects the Group's bank deposits and the fair value of the mortgage debt.

Cash debt on the mortgage loan is recognised in the balance sheet at the cash debt outstanding, for which reason fluctuations in fair value are not recognised in the financial statements. A 1% increase per year in the interest-rate level would reduce fair value of the debt by DKK 12,8 million. Conversely, a decline in the interest-rate level by 1% would only increase fair value of the debt by DKK 3,6 million, since the cash loan can be redeemed by purchasing the underlying bonds (for 2017, an increase in the interest-rate level by 1% would reduce fair value of the debt by DKK 0.5 million whereas a decline would have in-creased fair value of the debt by DKK 0.0 million).

The calculation of the Group's interest-rate sensitivity is based on the following assumptions:

- The sensitivity rates specified for the fixed-rate debt have been calculated on the basis of recognised financial assets and liabilities at 31 December 2018.
- It is assumed that the loans will be settled ordinarily as a 20-year and 30-year annuity loan, respectively, based on a cash borrowing rate of 1.62% to 1.92%.

The Group's cash and cash equivalents are mainly placed in the Group's cash pool account, on which negative interest is currently charged. The interest-rate risk of deposits is considered immaterial.

As to the Group's financial assets and liabilities, the carrying amount may be allocated on the following contractual dates of interest-rate adjustment or expiry, depending on which date comes first, and how large a portion of the interest-carrying assets and liabilities carry fixed or floating interest. The interest rate swap is included in the table by the underlying debt and not fair value.

2018, DKKm	Within 1 year	Between 2 - 5 years	After 5 years	Total	Average duration
Bank deposits	70.7	0.0	0.0	70.7	1
Mortgage debt, fixed rate	-4.5	-18.8	-107.8	-131.1	0
31 December	**66.2**	**-18.8**	**-107.8**	**-60.4**	-
2017, DKKm					
Bank deposits	40.3	0.0	0.0	40.3	1
Mortgage debt, fixed rate	-1.7	-7.4	-50.4	-59.5	5
Mortgage debt, floating rate	-4.9	-19.8	-47.8	-72.5	1
Interest-rate swap	4.5	20.3	31.8	56.6	5
31 December	**38.2**	**-6.9**	**-66.4**	**-35.1**	-

Share price exposure

A major portion of the Group's liquidity is placed in 17 different Danish and foreign shares and share-based investment funds, see description in the Financial review on page 30-31. A 10% change in the share price would influence pre-tax profit or loss for the year and equity by DKK 25.7 million (2017: DKK 24.1 million). A 10% change in the USD exchange rate compared to the exchange rate at 31 December 2018 would influence profit or loss for the year and equity by DKK 12.5 million (2017: DKK 11.0 million). Please refer to page 30 in the Financial review for a more detailed description of returns and value at risk.

Currency risks

More than 97% of the Group's activities are in Denmark and invoiced in Danish kroner. There are minor activities in the UK, Sweden and Germany.

No significant direct trading takes place between business entities in different countries, and North Media is only insignificantly exposed to currency risks with respect to cash flows from financial transactions and dividend flows with the exception of share price exposure, see above. An insignificant translation risk exists with respect to consolidating and translating foreign subsidiaries' financial statements to Danish kroner, and in connection with the Group's net investments in these companies. The maximum aggregate currency risk of the direct trading between business entities is estimated to be DKK 1.0 million a year and is therefore not hedged.

The Group purchases newsprint for its newspaper activities. Newsprint is paid in DKK, but the underlying purchase price is pegged to SEK and NOK. A 10% increase in SEK and NOK on DKK would inevitably result in an increase in newsprint prices of approximately DKK 1 million (2017: approx. DKK 1 million).

The Group has no noteworthy currency risks with respect to receivables and debt denominated in foreign currencies at 31 December 2018 and 2017.

Credit risks

The Group is particularly exposed to credit risks vis-à-vis receivables and deposits with banks. The maximum credit risk equals the carrying amount. The Group's credit risk policy ensures that its cash resources are spread across various asset types and counterparties.

No noteworthy credit risks are considered to be associated with cash and cash equivalents as the counterparties are banks designated by the Danish Financial Supervisory Authority as systemically important financial institutions.

Outstanding receivables are regularly followed up on in accordance with the Group's receivables policy. The write-down for expected loss on trade receivables is recognised directly in profit or loss at the same time as the receivable based on a simplified expected credit loss model. The write-down is based on expected loss rates, applying historical experience, remaining time to maturity of the receivables, knowledge of customers, etc. Furthermore, individual provisions are made if external factors exist, such as bankruptcy or suspension of payment, that warrant this.

The Group has no significant risks relating to a single customer or business partner. In accordance with the Group's credit risk assumption policy, all major customers and other business partners are subject to continuous credit assessment. At 31 December 2018, total receivables of DKK 56.5 million are credit-insured with a maximum credit risk of DKK 11.7 million (2017: DKK 48.1 million credit-insured, and a maximum credit risk of DKK 11.9 million).

Below are the Group's trade receivables and related provisions for bad debts based on the Group's provision matrix. The expected loss rates are based on historical experience. FK Distribution generally has very small bad debt losses because of its customer mix which consists of few, but very large customers, and because credit insurance is taken out for outstanding receivables. The other segments are characterised by having many small customers, for whom no credit insurance is arranged, and consequently they experience a somewhat higher loss rate.

2018, DKKm	Not overdue	0-30 days	31-60 days	61-90 days	> 90 days	Total
31 December 2018						
Expected loss rate	0.0%	1.0%	20.0%	40.0%	96.0%	-
Trade receivables	68.6	12.2	1.2	0.8	3.6	86.4
Expected loss	0.0	0.1	0.2	0.3	2.8	3.4
31 December 2017						
Expected loss rate	0.1%	1.0%	23.0%	47.0%	96.0%	-
Trade receivables	61.6	15.7	2.0	1.2	5.9	86.4
Expected loss	0.0	0.1	0.4	0.5	4.5	5.5

In the past three years, the Group's bad debt losses have ranged between 1.4‰ and 3.5‰ of revenue, lowest in 2018, for which reason non-due outstanding receivables are not considered to involve any significant risk. The financial year under review has not seen any major changes in provisions for losses on receivables or identified any material losses.

Capital management

Please refer to the section on capital resources in the management commentary page 30 for a description of the Group's capital management.

38 Carrying amount, financial assets and liabilities

DKKm	2018 Carrying amount	2018 Fair value	2017 Carrying amount	2017 Fair value
Trade receivables*	83.0	83.0	80.9	80.9
Other receivables**	3.8	3.8	3.5	3.5
Cash	70.7	70.7	40.3	40.3
Financial assets, measured at amortised cost	**157.5**	**157.5**	**124.7**	**124.7**
Other investments	5.7	5.7	11.0	11.0
Securities	256.5	256.5	240.8	240.8
Financial assets, measured at fair value	**262.2**	**262.2**	**251.8**	**251.8**
Financial institutions	131.1	132.2	132.1	136.4
Trade payables	44.0	44.0	43.6	43.6
Other payables	89.8	89.8	82.0	82.0
Financial liabilities, measured at amortised cost	**264.9**	**266.0**	**257.7**	**262.0**
Purchase price payable	0.0	0.0	7.6	7.6
Financial liabilities, measured at fair value through profit or loss	**0.0**	**0.0**	**7.6**	**7.6**
Interest rate swap	0.0	0.0	13.1	13.1
Financial liabilities, used as hedging instruments	**0.0**	**0.0**	**13.1**	**13.1**

The fair value of listed securities has been calculated at the market price at 31 December 2018 and 31 December 2017, respectively, for the individual securities (Level 1).

The fair value for credit institutions has been calculated based on the market price at 31 December 2018 and 31 December 2017, respectively, based on the loans' underlying bonds (Level 1), adjusted for North Media's credit rsik. Because of North Media's financial position, the credit risk is deemed insignificant.

Interest rate swaps are measured using an income method where expected cash flows are based on relevant observable swap curves and discounted using a discount rate that reflects the credit risk of relevant counterparties (Level 2).

Fair value and fair value adjustments of other investments are described in detail in Note 4 (Level 3).

Fair value of purchase price payable has been calculated using the fair value model (Level 3). For more details, including the fair value adjustments for the year, please refer to Notes 4, 12 and 26.

For other assets and liabilities, carrying amount is considered to equal fair value.

*) Depreciation method: Lifetime expected credit-loss (simplified method)

**) Depreciation method: 12 month expected credit-loss

39 Acquired activities

Purchase of five local newspapers at 1 January 2017:

In connection with the purchase of five local newspapers in Copenhagen at 1 January 2017, assets, liabilities and contingent liabilities were calculated at fair value, see below.

2017, DKKm	Fair value at time of acquisition
Intangible assets	6.5
Other payables	-0.6
Net assets acquired	**5.9**
Goodwill	0.0
Acquisition cost	5.9
Net cash acquisition cost	**5.9**

The identifiable assets were all allocated to customer relationships and are amortised over 12 months. The purchased newspapers were integrated into the existing editions of Søndagsavisen for the first time on 3 February 2017. All weekend editions were closed down in 2018, and attempts have been made to shift customers to the mid-week edition.

The newspapers taken over had revenue in 2016 of approx. DKK 12 million.

Purchase of Lokalavisen Amager at 31 December 2017:
In connection with the purchase of Lokalavisen Amager at 31 December 2017, assets, liabilities and contingent liabilities were calculated at fair value, see below.

2017, DKKm	Fair value at time of acquisition
Intangible assets	2.5
Other payables	-0.1
Net assets acquired	**2.4**
Goodwill	0.0
Acquisition cost	2.4
Net cash acquisition cost	**2.4**

The newspaper taken over had revenue in 2017 of approx. DKK 2.8 million. The identifiable assets were all allocated to customer relations and are amortised over 12 months. The purchased newspaper was integrated into the existing two editions of Amager editions from 1 January 2018, after which the weekend edition was closed down from 30 June 2018.

Increase of the equity interest in Mesto.ua
In connection with the increase of the equity interest in the Ukrainian housing site Mesto.ua from 34.6% to 66% in 2017, the company was included in the consolidated financial statements at the time of obtaining control. Assets, liabilities and contingent liabilities were calculated at fair value, see below:

2017, DKKm.	Fair value at time of acquisition
Receivables	0.1
Cash	3.7
Trade payables	-1.2
Net assets acquired	**2.6**
The proportionate share of minority interests' net assets is recognised	
Cash consideration for another 31.4% of the share capital	3.7
Minority share (34%) of net assets	0.9
Fair value of existing investments	1.6
Remuneration and minority interests	**6.2**
Goodwill	**3.6**
G	
Cash acquisition cost	-3.7
Share of cash and cash equivalents in the company after consolidation	3.7
Net cash acquisition cost	**0.0**

No goodwill has been recognised on the minority interest. In connection with the yearly impairment test in 2017, goodwill was subsequently written down to DKK 0, see Note 13.

40 Subsequent events

Until the presentation of the Annual Report on 7 February 2019, no events have occurred which will affect users' interpretation of the Annual Report.

41 Authorisation of the consolidated financial statements

At the Board meeting of 7 February 2019, the Board of Directors authorised this Annual Report for publication. The Annual Report will be submitted for approval at the Annual General Meeting on 29 March 2019.

Mads Dahl Møberg Andersen
Chairman of the Board of Directors of North Media A/S since 13 April 2018. Term of office expires in 2019.

Born: 1962

Executive positions held outside the North Media Group's companies:

- Sorika Advisor ApS, CEO & Vice Chairman

Richard Bunck
Principal shareholder of North Media A/S

Vice-Chairman of the Board of Directors of North Media A/S since 13 April 2018. Term of office expires in 2019.

Born: 1940

Executive positions held outside the North Media Group's companies:

- Fluimedix ApS, Chairman
- Bunck Invest 1 ApS, CEO
- Baunegård ApS, CEO
- Leanlinking ApS, member
- Invest 88%, CEO and member
- Point of cow ApS, CEO

Peter Rasztar
Executive Officer

Member of the Board of Directors of North Media A/S since 29 April 2005. Term of office expires in 2019.

Born: 1944

No executive positions held outside the North Media Group's companies.

Steen Gede
Member of the Board of Directors of North Media A/S since 25 April 2003. Term of office expires in 2019.

Born: 1953

Executive positions held outside the North Media Group's companies:

- Benedicte Holding ApS and two wholly-owned subsidiaries, CEO
- Holdingselskabet af 17. december 2004 and two wholly-owned subsidiaries, member
- Voxeværket ApS, Chairman
- Social Food Holding ApS, Vice-Chairman
- Continential Confectionery Company LtD and wholly-owned Danish subsidiary, member

Ulrik Holsted-Sandgreen
Attorney-at-Law and partner at Horten Advokatpartnerselskab

Member of the Board of Directors of North Media A/S since 4 April 2008. Term of office expires in 2019.

Born: 1970

Executive positions held outside the North Media Group's companies:

- Aktiv Wind ApS, Liquidator

Kåre Stausø Wigh
Group Executive Director & CFO, North Media A/S

Joined the Executive Board of North Media A/S at 1 September 2006.

Born: 1969

Executive positions held outside the North Media Group's companies:

- Travelmarket A/S, member
- Bedrebilist.dk ApS, member

Lasse Ingemann Brodt
CEO of Forbruger-Kontakt A/S

Joined the Executive Board at 31 March 2018.

Born: 1973

No executive positions held outside the North Media Group's companies.

Gorm Wesing Flyvholm
CEO of North Media Aviser A/S

Joined the Executive Board at 1 September 2016.

Born: 1965

No executive positions held outside the North Media Group's companies.

Henrik Løvig Jensen
CEO of North Media Online A/S

Joined the Executive Board at 1 January 2016.

Born: 1974

Executive positions held outside the North Media Group's companies:

- Lix Technologies ApS, Chairman

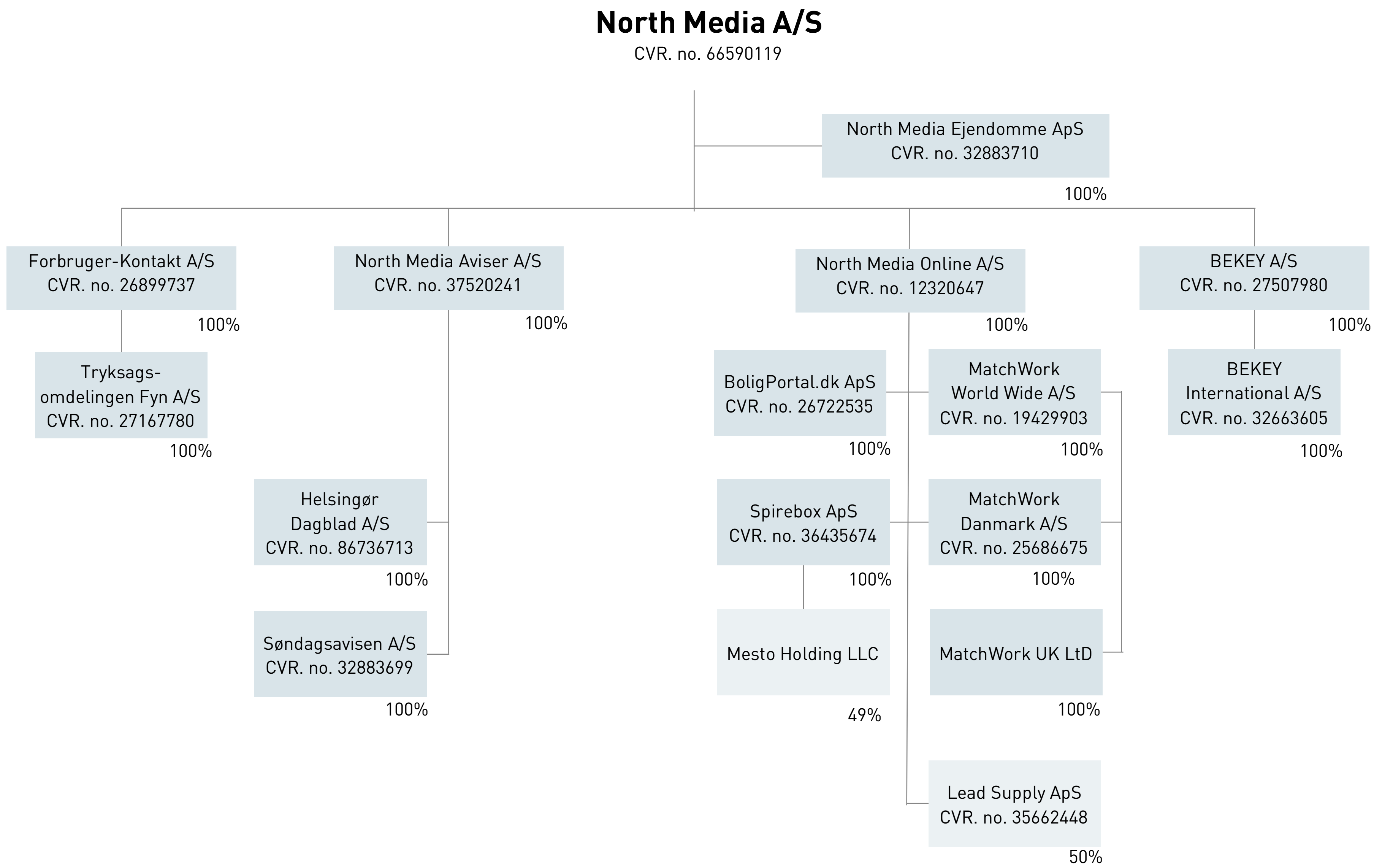
Jannik Bray Christensen
CEO of BEKEY A/S

Joined the Executive Board at 14 May 2018.

Born: 1981

No executive positions held outside the North Media Group's companies.

Group chart at 31 December 2018



Parent financial statements 2018

Financial statements 1 January – 31 December 2018

Parent income statement

	Note	2018 DKKm	2017 DKKm
Revenue		**21.9**	**24.2**
Staff costs	44	24.5	19.4
Other external expenses	45	8.2	18.0
Amortisation and depreciation		0.2	0.3
EBIT		**-10.9**	**-13.6**
Share of profits/losses in subsidiaries	46	60.9	10.3
Financial income	47	5.2	34.7
Financial expenses	47	0.3	0.4
Profit/loss before tax		**54.9**	**31.0**
Tax for the year	48	-1.6	3.0
Net profit/loss for the year		**56.6**	**28.0**

Parent balance sheet at 31 December

Assets

	Note	2018 DKKm	2017 DKKm
Operating equipment, fixtures and fittings		0.9	1.0
Property, plant and equipment	49	**0.9**	**1.0**
Investment in subsidiaries	50	399.2	387.0
Securities		0.1	0.1
Deferred tax asset	52	0.2	0.5
Other receivables		3.8	3.9
Fixed asset investments		**403.3**	**391.4**
Total non-current assets		**404.2**	**392.5**
Receivables from subsidiaries		32.9	20.8
Income tax receivable	53	0.0	2.6
Other receivables		0.0	0.0
Prepayments		0.8	0.8
Total receivables		**33.7**	**24.2**
Securities		256.5	240.8
Cash		56.8	31.2
Total current assets		**347.0**	**296.2**
Total assets		**751.2**	**688.7**

Equity and liabilities

	Note	2018 DKKm	2017 DKKm
Share capital		100.3	100.3
Retained earnings	51	333.1	321.8
Proposed dividend	51	60.2	30.1
Shareholders' equity		**493.6**	**452.2**
Trade payables		0.2	2.6
Payables to subsidiaries		242.3	229.0
Income tax payable	53	7.0	0.0
Other payables	54	8.1	4.9
Total current liabilities		**257.6**	**236.5**
Total liabilities		**257.6**	**236.5**
Total equity and liabilities		**751.2**	**688.7**
Rental obligations	55		
Contingent liabilities	56		
Related parties	57		

Parent statement of changes in equity

DKKm	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2017	**100.3**	**315.5**	**0.0**	**415.8**
Changes in equity in 2017				
Foreign currency translation adjustments, foreign subsidiaries and associates	0.0	0.1	0.0	0.1
Adjustments of investments in subsidiaries and associates	0.0	2.1	0.0	2.1
Net profit/loss for the year	0.0	-2.1	30.1	28.0
Sales of treasury shares	0.0	5.9	0.0	5.9
Share-based payment	0.0	0.3	0.0	0.3
Total changes in equity in 2017	**0.0**	**6.3**	**30.1**	**36.4**
Equity at 31 December 2017/1 January 2018	**100.3**	**321.8**	**30.1**	**452.2**
Changes in equity in 2018				
Foreign currency translation adjustments, foreign subsidiaries and associates	0.0	0.0	0.0	0.0
Adjustments of investments in subsidiaries and associates	0.0	10.2	0.0	10.2
Net profit/loss for the year	0.0	-3.6	60.2	56.6
Dividend paid	0.0	0.0	-30.1	-30.1
Dividend on treasury shares	0.0	1.7	0.0	1.7
Sales of treasury shares	0.0	2.2	0.0	2.2
Share-based payment	0.0	0.8	0.0	0.8
Total changes in equity in 2018	**0.0**	**11.3**	**30.1**	**41.4**
Equity at 31 December 2018	**100.3**	**333.1**	**60.2**	**493.6**

Notes to the parent financial statements

42 Basis of accounting

The parent financial statements have been prepared in accordance with the provisions of the Danish Financial Statements Act for reporting class D enterprises.

The Annual Report is presented in Danish kroner.

Accounting policies are unchanged compared with 2017.

No cash flow statement has been prepared for the Parent, see section 86(4) of the Danish Financial Statements Act.

43 Accounting policies

The Parent's recognition and measurement criteria are identical to the Group's accounting policies except in the following areas:

Income statement
Revenue
Revenue of the Parent is composed of intercompany management fees and rent to the Group's companies.

Profits or losses from investments in subsidiaries
The Parent's profit or loss includes the proportionate share of the net profits or losses of the individual group enterprises after full elimination of intra-group gains or losses and net of amortisation of goodwill.

Balance sheet
Investments
Investments in group enterprises are measured according to the equity method in the balance sheet at the proportionate share of net asset value plus goodwill regarding such group enterprises.

Both in the consolidated financial statements and in the parent financial statements, investments in associates are determined using the equity method inclusive of a share of goodwill. In the parent financial statements, goodwill is amortised based on the principles below.

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Goodwill is amortised over its estimated economic life which is determined based on Management's experience of the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period which is not more than ten years and longest for strategically acquired companies with a strong market position and a long-term earnings profile. Amortisation of goodwill is recognised in the income statement under investments in subsidiaries.

The value of group enterprises and associates inclusive of goodwill is tested for impairment in the event of any indication of impairment. The value of group enterprises and associates is written down to the higher of value in use and net selling price of the individual group enterprise or associate.

Subsidiaries and associates with a negative net asset value are measured at DKK 0 and any amount due from these companies is written down by the Parent's share of the negative net asset value to the extent that it is found to be uncollectible. Should the negative net asset value exceed the amount due, the remaining amount will be recognised under provisions to the extent that the Parent has a legal or constructive obligation to cover the liabilities of the company concerned and a loss is expected to follow from this.

Dividend
Dividend expected to be paid for the year is presented as a separate item under equity.

44 Employees and staff costs

	2018 number	2017 number
Average number of employees	19.0	16.0

Total amount of wages, salaries and remuneration for the year:	2018 DKKm	2017 DKKm
Wages and salaries including holiday pay	17.3	13.0
Defined contribution plans	1.0	0.8
Other social security costs	0.1	0.0
Fee to the Board of Directors	2.4	1.4
Other staff costs	3.6	4.2
Total staff costs	**24.5**	**19.4**

Remuneration of the Board of Directors and the Executive Board

	Board of Directors	Executive Board	Total
2018, DKKm			
Wages and salaries	2.4	13.7	16.1
Defined contribution plans	0.0	0.8	0.8
Share-based payment	0.1	0.3	0.4
Retirement benefit plan	0.0	5.2	5.2
Total remuneration	**2.5**	**20.0**	**22.5**
Number of members	5	5	10

	Board of Directors	Executive Board	I alt
2017, DKKm			
Wages and salaries	1.4	12.8	14.2
Defined contribution plans	0.0	0.7	0.7
Share-based payment	0.0	0.1	0.1
Total remuneration	**1.4**	**13.6**	**15.0**
Number of members	4	5	9

45 Fee to the auditors appointed by the Company in General Meeting

	2018 DKKm	2017 DKKm
Statutory audit services	0.5	0.5
Non-assurance engagements	0.0	0.0
Tax services	0.0	0.0
Other services	0.2	0.1
Total fee to the auditors appointed by the Company in General Meeting	**0.7**	**0.6**

46 Share of profits/losses in subsidiaries

	2018 DKKm	2017 DKKm
Share of profits/losses before tax	80.9	14.0
Share of tax	-19.2	-2.2
Amortisation consolidated goodwill	-0.7	-1.5
Total share of profits/losses in subsidiaries	**60.9**	**10.3**

47 Financial income and expenses

	2018 DKKm	2017 DKKm
Financial income		
Dividend	5.1	4.3
Net capital gains on shares	0.1	30.4
Total financial income	**5.2**	**34.7**
Financial expenses		
Net capital loss on shares	0.0	0.0
Other financial expenses	0.3	0.4
Total financial expenses	**0.3**	**0.4**

48 Income tax

	2018 DKKm	2017 DKKm
Income tax for the year is composed as follows:		
Current tax charges, incl financing charges	0.7	3.2
Adjustment relating to prior years	0.0	0.1
Changes in the deferred tax charge	0.3	-0.3
Total tax on profit/loss for the year, income	**1.0**	**3.0**

49 Property, plant and equipment

	2018 DKKm	2017 DKKm
Cost at 1 January	6.9	7.4
Additions for the year	0.1	0.0
Disposals for the year	4.4	0.5
Cost at 31 December	**2.6**	**6.9**
Depreciation and impairment losses at 1 January	5.9	6.1
Depreciation for the year	0.2	0.3
Disposals for the year	4.4	0.5
Depreciation and impairment losses at 31 December	**1.7**	**5.9**
Carrying amount at 31 December	**0.9**	**1.0**
Depreciated over (years)	**3-5**	**3-5**

50 Investments in subsidiaries

	2018 DKKm	2017 DKKm
Cost at 1 January	767.4	752.4
Additions for the year	0.0	15.0
Disposals for the year	0.0	0.0
Cost at 31 December	**767.4**	**767.4**
Net write-down according to the equity method at 1 January	-380.4	-352.8
Translation adjustments	0.1	0.1
Share of profit/loss for the year	59.0	11.8
Amortisation, goodwill	-0.7	-1.6
Dividend received	-59.0	-40.0
Other adjustments	12.8	2.1
Net write-down according to the equity method at 31 December	**-368.2**	**-380.4**
Carrying amount at 31 December	**399.2**	**387.0**
Of which, goodwill	**0.0**	**0.0**

51 Attributable, net profit/loss

	2018 DKKm	2017 DKKm
Retained earnings	-3.6	-2.1
Proposed dividend	60.2	30.1
Net profit/loss for the year	**56.6**	**28.0**

52 Deferred tax

	2018 DKKm	2017 DKKm
Deferred tax at 1 January	-0.5	-0.3
Deferred tax for the year included in net profit/loss for the year	0.3	-0.2
Deferred tax at 31 December, net	**-0.2**	**-0.5**

Specification of deferred tax:	**Assets**	**Liabilities**	**Total 2018**
Property, plant and equipment	0.3	0.0	**-0.3**
Receivables	0.0	0.1	**0.1**
	0.3	**0.1**	**-0.2**

	Assets	**Liabilities**	**Total 2017**
Property, plant and equipment	0.4	0.0	**-0.4**
Receivables	0.0	0.1	**0.1**
Tax losses allowed for carry-forward	0.2	0.0	**-0.2**
	0.6	**0.1**	**-0.5**

53 Income tax payable

	2018 DKKm	2017 DKKm
Income tax payable at 1 January	-2.6	-5.9
Current tax for the year	0.7	3.2
Adjustments for prior years	0.0	0.1
Tax payable under the joint taxation arrangement	15.7	0.8
Income tax paid for the year	-4.1	-0.8
Income tax payable at 31 December	**9.7**	**-2.6**

54 Other payables

	2018 DKKm	2017 DKKm
A tax (PAYE) etc payable to public authorities	0.0	0.1
VAT liability	1.2	0.2
Holiday pay obligation	2.7	2.0
Other payables	4.2	2.7
Total other payables	**8.1**	**4.9**

55 Rental obligations

	2018 DKKm	2017 DKKm
Future total expenses related to rental obligations:		
Due within 1 year	7.8	7.6
Due within 1 and 5 years	0.0	7.8
Total	**7.8**	**15.4**
With respect to rental obligations, the following amounts have been recognised in the income statement:	7.6	7.4

56 Contingent liabilities

Reference is made to Note 34 to the consolidated financial statements concerning contingent liabilities.

57 Related parties

Reference is made to Note 36 to the consolidated financial statements for a description of related party transactions.

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